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BEFORE THE LOUISIANA PUBLIC COMMISSION

DOCKET NO. S-\_\_\_\_\_

LA Public Service Commission

1803 ELECTRIC COOPERATIVE, INC.

**PETITION FOR APPROVAL OF LETTER OF NON-OPPOSITION  
AUTHORIZING 1803 TO SECURE A REVOLVING LINE OF CREDIT**

NOW BEFORE THE COMMISSION, through undersigned counsel, comes applicant, 1803 Electric Cooperative, Inc. (“**1803**”), a Louisiana not-for-profit cooperative association organized and existing under the laws of the State of Louisiana and domiciled in East Baton Rouge Parish, who applies to the Louisiana Public Service Commission (the “**LPSC**” or “**Commission**”) as follows:

1.

1803 was incorporated on April 1, 2019 as a Louisiana electric cooperative organized pursuant to La. R.S. 12:401 *et seq.*, and is comprised of and governed by six (6) LPSC-regulated electric cooperatives: (1) Beauregard Electric Cooperative, Inc. (“**BECi**”); (2) Claiborne Electric Cooperative, Inc. (“**Claiborne**”); (3) Northeast Louisiana Power Cooperative, Inc. (“**NELPCO**”); (4) South Louisiana Electric Cooperative Association (“**SLECA**”); (5) Washington-St. Tammany Electric Cooperative, Inc. (“**WST**”); and (6) most recently, PC Electric (“**PC Electric**”) (collectively, BECi, Claiborne, NELPCO, SLECA, WST and PC Electric are referred to herein as the “**Members**” or “**Member Cooperatives**”).

2.

The LPSC exercises regulatory jurisdiction over all utility companies, including 1803, pursuant to Article 4, Section 21, of the Louisiana Constitution.

3.

1803 was established as a wholesale generation and transmission cooperative (commonly

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called a “G&T” cooperative in the rural electric cooperative industry as compared to a distribution cooperative serving retail end-use member consumers) regulated as a public utility by the LPSC, as provided in LPSC Order No. S-35709 issued on July 2, 2021. 1803 was established to, among other things, provide economies of scale to its Member Cooperatives through a consolidation of services, costs, and staffing in order to provide efficiency and savings for the ultimate benefit of the member-consumers of the Member Cooperatives. 1803’s initial power supply portfolio was approved by the Commission in LPSC Order No. U-35927, dated January 28, 2022. 1803 is presently providing power supply to NELPCO and will begin supplying power to BECi, Claiborne, SLECA, and WST on April 1, 2025, who all, along with PC Electric presently receive their power supply from Louisiana Generating LLC (“**LaGen**”).

4.

As 1803 begins to initiate power supply and/or transmission services to its Member Cooperatives, it is necessary and in the public interest for 1803 to establish and maintain adequate banking relationships and lines of credit to provide working capital, to finance capital expenditures, to serve general corporate purposes, and to provide letters of credit. The line of credit may also be used to assist in short term funding of 1803’s construction work plan until 1803’s request for non-opposition in LPSC Docket No. S-37391 for authorization of a loan with the Rural Utilities Service (“**RUS**”) is complete. Additionally, funding through that RUS loan, even after complete, only funds a project after such project is completed and documentation for a draw of loan funds submitted to RUS. The initial funding of projects must be provided from 1803 general funds which can strain cash flow. The time between outlay of capital for a project and actual receipt of loan funds from RUS can be many months or even more than a year depending on the scope of a project.

5.

Accordingly, 1803 is in the process of seeking to establish a secured revolving credit facility, or line of credit, with CoBank, ACB (“**CoBank**”) with a commitment amount of up to Fifty Million (\$50,000,000.00) Dollars, with an option for a possible commitment increase for an additional Twenty-Five Million (\$25,000,000.00) on request of 1803 subject to the discretion of CoBank. This proposed loan is hereinafter referred to as the “**CoBank Revolver Loan**”.

6.

The CoBank Revolver Loan will be secured by a lien on substantially all of 1803’s assets via a joint mortgage with 1803’s other secured lenders, either at closing or within a specified period of time thereafter.

7.

In support of this request for a Letter of Non-Opposition, 1803 attaches the following exhibits:

- A. 18 Point Analysis in accordance with LPSC General Order 3/18/94 (Exhibit “A”);
- B. Term Sheet providing the primary terms of the CoBank Bridge Loan – *Submitted confidentially, pursuant to Rule 12.1 of the Commission’s Rules of Practice and Procedure (“Rule 12.1”)* (Exhibit “B”)

1803 reserves the right to supplement this Application with any additional documentation received relevant to this Application or upon request from Commission Staff.

8.

The total loan funds will not be drawn in one lump sum but will be drawn only as needed or utilized to provide credit support in the form of letters of credit. The term of the loan is expected to be three (3) years, with a provision for one or two one-year extensions. Each draw of loan funds will be subject to a fixed interest rate, applicable to and determined at the time of each loan

advance.

9.

As a non-profit electric cooperative, this proposed financing with CoBank will result in significant benefits to 1803, and by extension its Member Cooperatives and their members, and the public. This financing is in the public interest to meet the needs of 1803 and the Member Cooperatives. 1803 seeks this approval in accordance with the Commission's General Order dated March 18, 1994, *In Re: Commission Approval Required of Sales, Leases, Mergers, Consolidations, Stock Transfers and All Other Changes of Ownership or Control of Public Utilities Subject to Commission Jurisdiction*, and the Commission's General Order dated November 13, 1996, *In Re: Commission approval of security issues and assumptions of liability*. As stated above, 1803's 18-Point Analysis is provided as an exhibit in accord with the March 18, 1994 General Order.

10.

1803 respectfully requests that this Petition for Approval of Letter of Non-Opposition be provided expedited treatment, with the matter being published in the LPSC's Official Bulletin #1345, dated March 14, 2025, and that interested parties be given the shortest period allowed but not exceeding **ten (10) days** to file any notice of intervention and/or protest, or such other period as may be allowed to provide for expedited treatment.

**WHEREFORE**, 1803 Electric Cooperative, Inc. prays that this Commission grant the request of 1803 Electric Cooperative, Inc. made herein, provide the matter expedited treatment, and publish notification of the filing in the LPSC's next Official Bulletin #1345, dated March 14, 2025, with a **ten (10) day** intervention period, or the shortest period that may be allowed, and that, once the requests are considered by LPSC Staff, the Commission place the matter on the next available Business and Executive Session agenda for approval by the LPSC.

**Respectfully submitted,**

**MARIONNEAUX KANTROW, LLC**



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**LOUISIANA PUBLIC SERVICE COMMISSION  
ADMINISTRATIVE HEARING DIVISION**

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DOCKET NO. S-\_\_\_\_\_

MAR 11 2025

**1803 ELECTRIC COOPERATIVE, INC.**

LA Public Service Commission

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***In Re: Petition for Approval of Letter of Non-Opposition Authorizing 1803  
to Secure a Revolving Line of Credit***

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**18-POINT ANALYSIS**

**NOW BEFORE THIS COMMISSION**, through undersigned counsel, comes applicant, 1803 Electric Cooperative, Inc. (“**1803**”), who submits this 18-Point Analysis in conformity with the Louisiana Public Service Commission’s (the “**Commission**” or “**LPSC**”) General Order of March 18, 1994, relating to the factors to be considered in connection with the above captioned *Petition for Approval of Letter of Non-Opposition Authorizing 1803 to Secure a Revolving Line of Credit*, as follows:

**1) Whether the transfer is in the public interest.**

1803 was established as a wholesale generation and transmission cooperative (commonly called a “**G&T**” cooperative in the rural electric cooperative industry as compared to a distribution cooperative serving retail end-use member consumers) regulated as a public utility by the LPSC, as provided in LPSC Order No. S-35709 issued on July 2, 2021. 1803 is comprised of and governed by six (6) LPSC-regulated electric cooperatives: (1) Beauregard Electric Cooperative, Inc. (“**BECi**”); (2) Claiborne Electric Cooperative, Inc. (“**Claiborne**”); (3) Northeast Louisiana Power Cooperative, Inc. (“**NELPCO**”); (4) South Louisiana Electric Cooperative Association (“**SLECA**”); (5) Washington-St. Tammany Electric Cooperative, Inc. (“**WST**”); and (6) most recently, PC Electric (“**PC Electric**”) (collectively, BECi, Claiborne, NELPCO, SLECA, WST and PC Electric are referred to

herein as the “Member Cooperatives”). 1803 is presently providing power supply to NELPCO and will begin supplying power to BECi, Claiborne, SLECA, and WST on April 1, 2025, who all, along with PC Electric presently receive their power supply from Louisiana Generating LLC (“**LaGen**”). 1803 and the Member Cooperatives seek to achieve economies of scale, efficiencies, and savings through sharing of costs, efforts, and resources as a result of these efforts. As 1803 begins to initiate power supply and/or transmission services to all of its Member Cooperatives, it is necessary and in the public interest for 1803 to establish and maintain a line of credit in order to provide working capital, to finance capital expenditures, to serve general corporate purposes, and to provide letters of credit. Initially, the line of credit may also be used to assist in funding 1803 fund some aspects of its construction work plan until 1803’s request for non-opposition in LPSC Docket No. S-37391 for authorization of a loan with the Rural Utilities Service (“**RUS**”) is complete.

1803 is presently working with CoBank, ACB (“**CoBank**”) to finalize favorable terms of for the proposed revolving line of credit. The approval of this request will help to realize the economies of scale that 1803 was formed to provide to its Member Cooperatives. The Commission will retain full oversight of such financing and disbursements and will be able to consider the prudence of the same. Accordingly, this request to establish a revolving line of credit with CoBank is in the public interest.

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

1803 and its management team is prepared to provide safe, reliable, and adequate service will be provided to the Member Cooperatives, who each have a long history of providing safe and reliable service to their members. In particular, Chief Executive Officer Brian

Hobbs and Chief Operating Officer Ron Repsher have significant experience with other G&T cooperatives that have provided power supply and transmission services on behalf of and for the benefit of their respective distribution cooperative members and their end-use member-consumers. The proposed line of credit is critical to 1803's efforts to safely, adequately, and reliably provide wholesale power and transmission services to the Member Cooperatives.

**3) Whether the transfer will maintain or improve the financial condition of the resulting public utility.**

The approval of this request will improve the financial condition of 1803 by allowing it access to this funding source and by assisting with 1803's financing all necessary steps to provide power supply and transmission services at the lowest reasonable costs, with the oversight of the Commission to allow recovery of prudent costs.

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

Please see 1803's response to Factor 2 above. The proposed loan is critical to 1803's efforts to achieve the economies of scale desired as a key component for 1803's formation, and thus maintain or improve the quality of service to the members/ratepayers of each Member Cooperative.

**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.**

Yes, the proposed loan will provide both short-term and long-term benefits to the member-ratepayers of the Member Cooperatives by allowing 1803 to advance as a wholesale power and transmission cooperative for the benefit of the Member Cooperatives and their member-ratepayers. The Commission will retain full regulatory authority over all costs



and expenses of the Member Cooperatives and add regulatory authority over their G&T cooperative's costs through its regulation of 1803.

**6) Whether the transfer will adversely affect competition.**

No, the approval of this request will not adversely impact competition. Pursuant to La. R.S. 45:123 and the LPSC's General Order dated October 6, 2005 (300 Foot Rule), absent approval by the Member Cooperatives or the LPSC, there is no retail competition or switching of electric service providers for existing customers. To the extent that this request results in the Member Cooperatives obtaining power at the lowest reasonable cost, this may increase competition with other electric service providers, but such results are in line with goals of this Commission and will help promote healthy competition between electric service providers in the Member Cooperatives' service areas.

**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.**

Neither 1803 nor the Member Cooperatives will experience any change in management as a result of this proposed request. However, by approving the requested to 1803, the Commission will ensure that 1803's management will be able to obtain the financing to provide working capital, to finance capital expenditures, to serve general corporate purposes, to provide letters of credit, and allow 1803 to fund aspects of its construction work plan.

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

The proposed request will be fair and reasonable to, and have no impact on, the employees of 1803. 1803 has continued to increase its staffing with qualified employees to provide the transmission and power supply services.

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

The shareholders of 1803 are the Member Cooperatives, whose shareholders, in turn, are their member-ratepayers, who will benefit from the subject request directly as a result of the request facilitating 1803's ability to fund 1803's power supply and transmission services at the lowest reasonable cost. 1803's board is comprised of two board members from each of the six Member Cooperatives, whose board members would only approve entering into the transactions subject to the request if they believed that such actions were fair and reasonable.

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.**

Yes, the proposed financing will be beneficial to the local communities and the State of Louisiana by allowing for the long-term stability for utility service in the Member Cooperatives' service areas.

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.**

The proposed financing actions will have no impact on the Commission's ability to regulate the rates and services of 1803. 1803's rates are regulated by the LPSC and subject to review and audit.

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

1803 does not foresee any adverse consequences as a result of the proposed line of credit whereby any conditions should be imposed.

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.**

1803 has a history of compliance and working with the Commission and all regulatory authorities.

- 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.**

There is no acquiring entity. The approval of this request will assist 1803 with maintaining and upgrading the quality of its physical system at the lowest reasonable cost.

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

The approval of this request for a revolving line of credit will not create any need for repairs or improvements, though the approval will assist 1803 with repairing and improving its physical system at the lowest reasonable cost.

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

1803 has the ability to obtain and maintain all health, safety, and other permits necessary, as it has to date, to continue to provide electric service.

- 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.**

The financing of the proposed line of credit is being done in accordance with reasonable commercially accepted practices with CoBank and with the electric cooperative and utility industry. The approval of the line of credit will assist 1803 in obtaining the financing to provide working capital, to finance capital expenditures, to serve general corporate purposes, to provide letters of credit, and allow 1803 to fund aspects of its construction work plan. Any resulting rate impacts will be favorable and in the best interests of 1803, its Member Cooperatives, and their member-consumers.

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

1803 does not believe that any conditions should be attached to the proposed line of credit.

Similar revolving lines of credit for electric cooperatives have typically been approved without the placement of conditions. Therefore, 1803 does not believe that any conditions should be attached to this request.