

# LOUISIANA PUBLIC SERVICE COMMISSION

## GENERAL ORDER

### **In Re: Commission Approval of Security Issues and Assumptions of Liability.**

The Commission at the Open Session held May 15, 1996, discussed the scope of Commission approval required for issuances of securities and assumptions of liabilities or obligations. The Commission's authority to regulate the issuance of securities and the assumption of liabilities or obligations by public utilities is based in Article 4, Section 21(B) of the Louisiana Constitution of 1974. That authority was reaffirmed, but not limited, by La. R.S. 45:1168-1175.

The Commission considered the issue and on a motion by Commissioner Ross A Brupbacher, seconded by Commissioner C. Dale Sittig, with Commissioners Irma Muse Dixon and John F. Schwegmann concurring and Commissioner Don Owen absent, the Commission ordered the following:

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.
2. The term "security", as set forth in Paragraph No. 1 above, shall be given broad interpretation, and shall include all issuances of stock, bonds, debentures, or other evidence of indebtedness. It shall also include all mortgages, pledges or other devices, including contractual commitments, intended to secure obligations of the public utility to perform both monetary and non-monetary obligations.
3. The term "issue" as used in Paragraph No. 1 above shall be given broad interpretation, and shall include all public or private obligations.
4. The Commission shall not approve any issue or assumption of any security, obligation or liability, unless, after investigation of the purposes and uses of the proposed issue and the proceeds thereof, or of the proposed assumption is for some lawful object with the corporate purposes of the public utility, it is necessary or appropriate for or consistent with the performance by the public utility of its service to the public and will not impair its ability to perform that service, and it is consistent with the public interest and the best interest of ratepayers.
5. The purported exemption of Commission regulation of securities issues subject to the jurisdiction of the Federal Power Commission under the Federal Power Act, or to the jurisdiction of the Securities and Exchange Commission under the Public Utilities Holding Company Act of 1935, found in La. R.S. 45:1175(2), does not limit the Commission's authority to approve transactions under this General Order.
6. 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. In fact, any security issuance as defined herein 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.
7. The approval of the Commission required under this Order does not apply unless the value of the transaction exceeds one percent of the gross assets of the public utility involved.

**BY ORDER OF THE COMMISSION:**

**Baton Rouge, Louisiana**

**June 5, 1996**

**/s/ JOHN F. SCHWEGMANN**

**JOHN F. SCHWEGMANN, CHAIRMAN  
DISTRICT I**

**/s/ IRMA MUSE DIXON**

**IRMA MUSE DIXON, VICE-CHAIRMAN  
DISTRICT III**

**/s/ DALE SITTIG**

**C. DALE SITTIG, COMMISSIONER  
DISTRICT IV**

**DON OWEN-ABSENT**

**DON OWEN, COMMISSIONER  
DISTRICT V**

**/s/ ROSS A. BRUPBAKER**

**ROSS A. BRUPBAKER, COMMISSIONER  
DISTRICT II**

**/s/ LAWRENCE ST. BLANC  
SECRETARY**