

## LOUISIANA PUBLIC SERVICE COMMISSION

### GENERAL ORDER

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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

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The Louisiana Public Service Commission has two General Orders in effect (June 16, 1953 and October 28, 1968) which require affirmative Commission action of approval or non-opposition prior to a regulated utility or common carrier entering into a contract, a combination of related contracts, conveying, leasing or acquiring assets of any kind or incurring any obligation or merging or combining with another utility or common carrier or dividing into two or more utilities or common carriers, where the value involved exceeds 1% of the gross assets of such regulated utility or common carrier, subject to the Commission's jurisdiction. The vast majority of utilities and common carriers subject to the Commission's jurisdiction have complied with these General Orders and have sought prior Commission approval before transferring ownership or control.

Prior Commission approval to such changes is vital. The Commission is the Constitutionally created body authorized to regulate the rates charged and services rendered by all utilities and common carriers subject to its jurisdiction. As such, the Commission must be able to ensure itself that any prospective owner of a public utility or common carrier will be able to provide safe, efficient and reliable services at reasonable rates, and that ratepayers will not be harmed as a result of a change in ownership or control. Therefore, scrutiny and prior approval of these changes is essential.

The attention of the Commission has been called to the fact that some utility systems and common carriers have continued to be sold or otherwise effected changes of ownership or control without applying for approval or non-opposition from the Commission, and without the knowledge of the Commission, all in violation of the Commission's June 16, 1953 and October 28, 1968 General Orders. For these reasons we find it necessary to clarify our prior General Orders. Accordingly, IT IS ORDERED that:

1. No utility or common carrier subject to the jurisdiction of the Louisiana Public Service Commission shall sell, assign, lease, transfer, mortgage, or otherwise dispose of or encumber the whole or any part of its franchise, works, property, or system, nor by any means direct or indirect, merge or consolidate its utility works, operations, systems, franchises, or any part thereof, nor transfer control or ownership of any of the assets, common stock or other indicia of control of the utility to any other person, corporation, partnership, limited liability company, utility, common carrier, subsidiary, affiliated entity or any other entity nor merge or combine with another person, corporation, partnership, limited liability company, utility, common carrier, subsidiary, affiliated company or any other entity or divide into two or more utilities or common carriers, where the values involved in such action exceed one percent (1%) of the gross assets of such regulated utility or common carrier, or subsidiary thereof, nor in any way commit itself to take such action or affect any right, interest, asset, obligation, stock ownership, or control, involved in such action without prior full disclosure of the prior intentment and plan of such utility or common carrier with regard to such action and without prior official action of approval or official action of non-opposition by the Louisiana Public Service Commission. This section is intended to apply to any transfer of the ownership and/or control of public utilities and common carriers regardless of the means used to accomplish that transfer.

2. In determining whether to approve any such transfer of ownership or control the Commission shall take into account the following factors:
  1. Whether the transfer 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.
  3. Whether the transfer will maintain or improve the financial condition of the resulting public utility or common carrier.
  4. Whether the proposed transfer will maintain or improve the quality of service to public utility or common carrier ratepayers.
  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.
  6. Whether the transfer will adversely affect competition.
  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.
  8. Whether the transfer will be fair and reasonable to the affected public utility or common carrier employees.
  9. Whether the transfer would be fair and reasonable to the majority of all affected public utility or common carrier shareholders.
  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.
  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.
  12. Whether conditions are necessary to prevent adverse consequences which may result from the transfer.
  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.
  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.
  15. Whether any repairs and/or improvements are required and the ability of the acquiring entity to make those repairs and/or improvements.
  16. The ability of the acquiring entity to obtain all necessary health, safety and other permits.

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.
18. Whether there are any conditions which should be attached to the proposed acquisition.
3. The entity seeking acquisition or control of a public utility or common carrier subject to the Commission's jurisdiction or any other action described herein shall have the burden of proving that the requirements of this Order have been satisfied.
4. Any transfer accomplished without Commission approval is void.
5. In the event of any conflict between the provisions of this General Order and the General Orders of June 16, 1953 and October 28, 1968, the provisions of this General Order shall govern.

This General Order is supplemental to and does not in any way repeal prior General Orders of June 16, 1953 or October 28, 1968 unless in conflict therewith.

**BY ORDER OF THE COMMISSION:  
BATON ROUGE, LOUISIANA**

March 18, 1994

/s/ KATHLEEN B. BLANCO  
DISTRICT II  
CHAIRMAN KATHLEEN BABINEAUX BLANCO

/s/ JOHN F. SCHWEGMANN  
DISTRICT I  
VICE-CHAIRMAN JOHN F. SCHWEGMANN

/s/ THOMAS E. POWELL  
DISTRICT IV  
COMMISSIONER THOMAS E. POWELL

/s/ DON OWEN  
DISTRICT V  
COMMISSIONER DON OWEN

  
SECRETARY

/s/ IRMA MUSE DIXON  
DISTRICT III  
COMMISSIONER IRMA MUSE DIXON