

LOUISIANA PUBLIC SERVICE COMMISSION

GENERAL ORDER

In re: Commission approval of security issues and assumptions of liability.  
(Amending and superseding General Order Dated June 5, 1996.)

(Decided at Business and Executive Session October 16, 1996.)

The Commission at the Open Session held October 16, 1996, discussed and reconsidered 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. This General Order supersedes the General Order entered by this Commission on June 5, 1996.

The Commission considered the issue and 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 Asecurity@, as set forth in Paragraph No. 1 above, shall be given broad interpretation and shall include shares of stock, bonds and similar instruments commonly deemed Asecurities@ in financial markets or having the characteristics of securities.
3. 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 of obligation or liability, the ***Commission finds that the issue or assumption is for some lawful object within 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.***
4. This General Order shall not apply to security issues exempt from Commission approval pursuant to La. R.S. 45:1175. However, these exemptions do not limit the Commission's authority or jurisdiction over retail rates and services, insofar as they may be impacted by security issues exempt from Commission approval.
5. 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. Any security issuance that requires a utility to Asell, 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.
6. The approval of the Commission required under this Order does not apply unless the value of the ***transaction exceeds ten percent of the gross assets of the public utility or \$1,000,000, whichever is lower.***
7. This General Order shall not apply to any public utility security the issuance of which has heretofore been approved by the Federal Energy Regulatory Commission or the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935, or to any public utility whose business is subject to regulation by the Federal Communications Commission. Further, this General Order shall not apply to any transaction that is subject to the jurisdiction of the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935, if such transaction would not require approval of this Commission under General Order dated March 18, 1994.

**BY ORDER OF THE COMMISSION  
BATON ROUGE, LOUISIANA  
NOVEMBER 13, 1996**

/S/ JOHN F. SCHWEGMANN  
DISTRICT I  
CHAIRMAN JOHN F. SCHWEGMANN

/S/ IRMA MUSE DIXON  
DISTRICT III  
IRMA MUSE DIXON, VICE-CHAIRMAN

/S/ C. DALE SITTIG  
DISTRICT IV  
C. DALE SITTIG, COMMISSIONER

DON OWEN \_\_\_\_\_ ABSENT  
DISTRICT V  
COMMISSIONER DON OWEN

/S/ ROSS A. BRUPBACHER  
DISTRICT II  
COMMISSIONER ROSS A. BRUPBACHER

/S/ LAWRENCE C. ST. BLANC  
SECRETARY