

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of Deseret)
Generation & Transmission Co-operative for) DOCKET NO. 09-506-01
Authority to Issue Securities in the Form of)
Secured Promissory Note to National Rural) REPORT AND ORDER
Utilities Cooperative Finance Corporation)

ISSUED: June 24, 2009

By The Commission:

This matter is before the Commission on the Application (Application) of Deseret Generation & Transmission Co-operative (Company) for Authority to Issue Securities in the form of Secured Promissory Note to National Rural Utilities Cooperative Finance Corporation (CFC). The Division of Public Utilities (Division) issued its recommendation on June 2, 2009, recommending approval of the Application. The Division based its recommendation on the following factors:

- A. While the [Company] has not demonstrated an absolute need for the loan, the Division believes that it is reasonable and in the public interest, especially in this time of financial and economic uncertainty, for the Company to help sustain the balance sheet of its primary lender of which the Company is also a member-owner. Consequently, the purchase of the CFC capital certificates is in the interest of the Company and in the public interest generally. Deseret is maintaining its near-term liquidity and flexibility by taking out a loan simultaneous with the purchase of the CFC member certificates. The net financial effect of this transaction appears to be minimal to the Company.
- B. The Company, which has total access to financial information about its operations and budgets has conducted an evaluation in Model 62.1 and concluded that in a reasonable timeframe the promissory note can be paid in full.
- C. The Company can use the interest earned on the CFC certificates to pay over 87% of the promissory note interest payments. Furthermore, the Company has ample cash on hand to make the payments to CFC
- D. Attached as Exhibit 1, in 5 pages, are financial statements of the Company for the years 2005 through 2008. These financial statements are supplied to the

Division on an annual basis. The Division has not performed a detailed financial analysis of the Company.

E. The two forecasts prepared by the Division suggest that the Company should be able to handle the \$10 million promissory note, given that CFC certificates are purchased.

Based upon these considerations, the Division recommends that the Commission approve the Application of Deseret Power for authority to issue securities in the form of a secured promissory note to CFC for \$10 million.

Division Recommendation, pp. 7-8.

Therefore, based on the investigation of the Division, the representations made in its recommendation, and the application of the Company, the Commission finds that it would not be against the public interest for the Company to issue securities in the form of a secured promissory note to CFC for \$10 million.

ORDER

1. The Company's Application is approved and it is authorized to issue securities in the form of a secured promissory note to CFC for \$10 million.
2. Pursuant to Sections 63G-4-301 and 54-7-15 of the Utah Code, an aggrieved party may request agency review or rehearing within 30 days after issuance of this Order by filing a written request with the Commission. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the Commission does not grant a request for review or rehearing within 20 days after the filing of the request, it is deemed denied. Judicial review of the Commission's final agency action may be obtained by filing a petition for review with the Utah Supreme Court within 30 days after final agency action. Any petition for review must comply with the requirement of

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Sections 63G-4-401 and 63G-4-403 of the Utah Code and the Utah Rules of Appellate Procedure.

DATED at Salt Lake City, Utah, this 24th day of June, 2009.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
G#62534