

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of)	Docket No. _____
Deseret Generation & Transmission)	
Co-operative for Approval to Issue)	Report and Order
Securities in the form of Amended)	
Secured Promissory Note)	
)	

ISSUED: _____

By the Commission:

PROCEDURAL HISTORY

On September 19, 2016, Applicant Deseret Generation & Transmission Co-operative filed a Verified Application seeking authority pursuant to § 54-4-31 to issue certain securities and to execute certain documents in the form of an Amended Secured Promissory Note in an amount up to \$20,000,000 in favor of, and in conjunction with an extension of a Secured Line of Credit Loan Agreement with the National Rural Utilities Cooperative Finance Corporation, the proceeds of which will be used primarily for working capital needs. The Application was supported by sworn statements in the Verified Application of Applicant's Chief Financial Officer Robert Dalley and by documents submitted in connection with the Application.

Applicant requested Informal Adjudication of the Application in accordance with Rule R746-110, *Utah Administrative Code*, and represented that the matter was anticipated to be unopposed and uncontested. Applicant also requested final approval on or before October 15, 2016, if feasible, in order to extend the terms of the existing credit line prior to termination of the existing agreement. In light of its board's approval of the proposed transaction at a duly-noticed public meeting, Applicant further asked the Commission to determine that no additional public notice of this proceeding is required under Rule R746-110-2.

Applicant has submitted copies of relevant documents, certified and verified pursuant to the Application, and other information to establish the facts pertinent to the Application. On _____, 2016, the Division of Public Utilities filed a memorandum detailing its investigation of the Application and recommending approval of the same.

BACKGROUND AND DISCUSSION

According to the Application, Applicant previously entered into a Revolving Credit Agreement with its single largest creditor, the National Rural Utilities Cooperative Finance Corporation ("CFC"). Pursuant to a Second Amended and Restated Revolving Credit Agreement dated as of October 16, 2011 (the "Existing Line of Credit"), Applicant renewed and extended the original line of

credit agreement for a commitment period having a term of five (5) years through October 16, 2016. Applicant and the creditor have negotiated the terms of a Third Amended and Restated Line of Credit (the "Extended Line of Credit") whereby the commitment period for funding under the credit line will be extended through November 30, 2017. Advances under the Extended Line of Credit will mature and become due and payable on the extended termination date, and will bear interest, at Applicant's option, at fixed or variable rates available for similar loans based on the lender's policies then in effect as established by the lender for similar loans. Payments on account of advances will be due quarterly.

Applicant states that it depends upon CFC as a primary source of additional financing, and has from time to time, arranged through CFC or through facilities of CFC, for needed financing support in the form of, among other things: letter(s) of credit for marketing and sales transactions; revolving working capital loan(s) for finance liquidity and other working capital needs, among other things. Applicant states it will rely on the Extended Line of Credit as a source of continued and/or additional letter of credit support from CFC, working capital liquidity, and other financing support through at least the extended commitment period.

The Division notes that the Applicant, which has complete access to financial information about its operations and budgets, has conducted an evaluation and has concluded that the proposed

Loan is a beneficial financing option available to Applicant. Applicant's Board of Directors has approved the proposed Credit Line Extension. Based upon these considerations, the Division recommends the Commission approve the Application.

Since no meritorious opposition has been raised, and Applicant has made out its *prima facie* case in support of the Application, there appears no reason to convene an evidentiary hearing on the matter. Accordingly, the Commission, having been fully advised in the premises, enters the following Report, containing Findings of Fact, Conclusions of Law, and the Order based thereon.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. Applicant is a public utility subject to the jurisdiction of this Commission.
2. The Commission has jurisdiction over the Application pursuant to the provisions of *Utah Code Ann.* § 54-4-31.
3. It is appropriate under Rule 746-110 and in the public interest that this Application be adjudicated as an informal proceeding pursuant to *Utah Code Ann.* § 63G-4-201.
4. Applicant has requested Commission authority to issue certain securities in the form of an Amended Secured Promissory Note in an amount up to \$20,000,000 in favor of, and in conjunction with an extension of a Secured Line of Credit Loan Agreement with the National Rural Utilities

Cooperative Finance Corporation. Advances under the Extended Line of Credit will be secured by a lien against virtually all of Applicant's assets under the terms of a Second Amendment and Restatement to an existing Restated Mortgage and Security Agreement and existing UCC-1 Financing Statements in favor of the National Rural Utilities Cooperative Finance Corporation. Advances under the Extended Line of Credit will mature and become due and payable on the extended termination date, and will bear interest, at Applicant's option, at fixed or variable rates available for similar loans based on the lender's policies then in effect as established by the lender for similar loans. Payments on account of advances will be due quarterly.

5. Execution and delivery of the Extended Line of Credit and Amended Secured Promissory Note by Applicant to the National Rural Utilities Cooperative Finance Corporation as described herein is in the public interest.
6. In light of the approval of the Extended Line of Credit by Applicant's board at a duly-noticed public meeting, no additional public notice of this proceeding is required under Rule R746-110-2.
7. Pursuant to Rule 746-110-2, good cause exists to waive the 20-day tentative period for an order issued in an informally

adjudicated proceeding. Accordingly, this Order will become final and effective on the date of issuance.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that:

1. This matter be adjudicated as an informal proceeding in accordance with Rule 746- 110-1 and *Utah Code Ann.* § 63G-4-201.
2. Applicant Deseret Generation & Transmission Co-operative is hereby authorized to execute and to deliver to the National Rural Utilities Cooperative Finance Corporation the Extended Line of Credit and the Amended Promissory Note discussed above on substantially the same terms and conditions set forth in this Report and Order.
3. Applicant is hereby authorized to execute and deliver such other documents and take such other actions as may reasonably be necessary or convenient to the completion of the above-stated transaction.
4. Nothing in this Order shall be construed to obligate the State of Utah to pay or guarantee in any manner whatsoever any securities authorized, issued, assumed, or guaranteed hereunder.
5. The authority granted herein is effective the date of this Order.

DATED at Salt Lake City, Utah, _____ ____, 2016.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Jordan A. White, Commissioner

Attest:

/s/ Gary L. Widerburg,
Commission Secretary

Notice of Opportunity for Agency Review or Rehearing

Pursuant to §§ 63G-4-301 and 54-7-15 of the Utah Code, an aggrieved party may request agency review or rehearing of this Order by filing a written request with the Commission within 30 days after the issuance of this Order. 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 requirements of §§ 63G-4-401 and 63G-4-403 of the Utah Code and Utah Rules of Appellate Procedure.