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Attorney for Dixie-Escalante Rural Electric Association, Inc.

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of)	Docket No.
Dixie-Escalante Rural Electric)	Verified
Association, Inc. for Approval to Issue)	Application for
Securities in the form of Amended and)	Approval to Issue
Restated Revolving Credit Promissory)	Securities
Note and Supplement)	
)	

Dixie-Escalante Rural Electric Association, Inc. ("Dixie"), hereby applies to the Commission pursuant to *Utah Code Ann. § 54-4-31* for an Order authorizing Dixie to issue securities in the form of amended and restated revolving credit promissory note and supplement (the "2018 Working Capital Note") to COBANK, ACB, a federally-chartered instrumentality of the United States ("CoBank"). The 2018 Working Capital Note amends and increases the available credit amount under a previously executed Master Loan Agreement ("MLA") dated June 26, 2013 which was negotiated in connection with a \$3,000,000 existing revolving credit loan facility authorized by the Commission in its Report and Order dated September 3, 2013 in Docket No. 13-066-01. The amount of

the 2018 Working Capital Note to be executed by Dixie is expected to be up to \$5,000,000.00, as set forth in Exhibit "A" to this Application. Proceeds of advances under the 2018 Working Capital Note will be used for working capital cash needs as well as for any other permitted corporate purpose of Dixie.

Dixie anticipates and represents that this matter is expected to be unopposed and uncontested. Pursuant to R746-110-1, *Utah Administrative Code* ("Rules") Dixie hereby requests Informal Adjudication of this Application. This Application is supported by the sworn statements in this Verified Application and true and correct copies of the documents attached hereto, which documents are sufficient to establish the facts pertinent to this Application.

Pursuant to R746-110-2 of the *Rules*, and for good cause shown, Dixie respectfully requests entry of a final Commission order approving the 2018 Working Capital Note as soon as practicable, and within 30 days if feasible, in order to meet COBANK timing requirements. In light of its board's approval of the Loan at a duly-noticed public meeting, Dixie further asks the Commission to determine that no additional public notice of this proceeding is required under R746- 110-2 of the *Rules*.

In support of this Application, Dixie represents as follows:

Background

1. Dixie is a member-owned rural electrical distribution cooperative that provides retail electric services to member/owners in the States of Utah and Arizona. Dixie is a public utility subject to the jurisdiction of this Commission.

2. In September 2013, Dixie entered into a short-term revolving credit facility in the amount of \$3,000,000 with CoBank, as previously authorized by the Commission. In order to provide Dixie ample potential source(s) of working capital liquidity and provide for any other cash requirements that may arise from time to time, Dixie and COBANK have negotiated an increase in the amount of potential working capital financing that will be available under the 2018 Working Capital Note, to be issued subject to the terms and conditions of the MLA, with draws under the 2018 Working Capital Note available during an initial period through September 30, 2018.

3. Dixie will utilize the available working capital loan from COBANK as a potential source of additional financing, although no plans exist at this time to draw any amount(s) under the 2018 Working Capital Note.

Working Capital Line of Credit Terms

4. Dixie and COBANK have negotiated the terms of the 2018 Working Capital Note whereby Dixie will issue an Amended and Restated Revolving Credit Promissory Note and Supplement (the "2018 Line of Credit Note") (a copy of which in substantially final form

is attached hereto as Exhibit "A") effectively increasing the available short-term revolving unsecured credit from CoBank to \$5,000,000.

5. Pursuant to the terms of the 2018 Working Capital Note, Dixie will repay any draws thereunder as follows:

a. Principal amounts of advances under the 2018 Working Capital Note, together with unpaid interest accrued thereon, will become due and payable on the last day of the commitment period (September 30, 2018).

b. Interest payments on amounts of advances under the Extended Line of Credit are payable monthly in arrears by the 20th day of the following month or as otherwise required in writing by the Lender.

6. Interest on amounts advanced under the 2018 Working Capital Note will be computed as the rate of interest established by Lender on the first Business Day of each week.

7. All amounts due and owing for advances under the Amended and Extended Line of Credit will become due and payable in full in all events no later than September 30, 2018.

8. Amounts advanced under the 2018 Working Capital Note may be repaid and/or prepaid at any time without penalty.

9. Amounts owed by Dixie to COBANK under the 2018 Working Capital Note will be unsecured except for any lien that COBANK has in equity in COBANK that is owned by Dixie.

Public Interest

10. The 2018 Working Capital Note was negotiated and structured to avoid any adverse impact on the positions, rights, remedies and risks of Dixie and/or Dixie's Members, and represents market rates, terms, and conditions for working capital lending arrangements of similar character for borrowers similar to Dixie. Dixie does not anticipate any changes to its member rates or charges as a consequence of the 2018 Working Capital Note.

11. The Dixie Board of Directors has approved the terms of the 2018 Working Capital Note.

12. Dixie has determined that the 2018 Working Capital Note will add an increased level of certainty and stability to Dixie's financial position, will increase its ability to respond to potential working capital cash demands during the coming months, and will otherwise present opportunities to Dixie on terms that are advantageous to Dixie. The 2018 Working Capital Note will help avoid and/or delay financing(s) as may become necessary from time to time in support of ongoing operations.

13. The 2018 Working Capital Note is for lawful objects within Dixie's proper corporate purposes, is compatible with the public interest, is necessary or appropriate for or consistent with the proper performance by Dixie of its services as a public utility, and will not impair Dixie's ability to provide or perform those services.

Requested Timing of Approval

14. Dixie requests expedited and informal consideration of this Application on the grounds that the terms and conditions of the 2018 Working Capital Note have previously been reviewed by and approved by Dixie's governing board.

15. Dixie desires to minimize any period(s) during which Dixie has no access to advances under the 2018 Working Capital Note, should a need arise for working capital cash. Accordingly, Dixie requests that a Report and Order be issued no later than February 16, 2018.


16. Pursuant to R746-110-2, Dixie requests waiver by the Commission of the 20-day tentative period for good cause, as shown above.

Requested Action

Wherefore, Dixie asks this Commission to issue an order approving and authorizing the issuance of securities by Dixie in the form of the 2018 Working Capital Note to COBANK in the amounts and for the purposes specified herein.

DATED this 17th day of January, 2018.

David F. Crabtree

/s/ 

Attorney for Dixie Electric
Association, Inc.

VERIFICATION

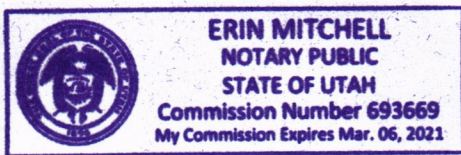
STATE OF UTAH)
)
) : ss
COUNTY OF Iron)

The undersigned, Chery Hulet, being first duly sworn upon oath, deposes and states that she is the Chief Financial Officer of Dixie-Escalante Rural Electric Association, Inc., the Applicant in this proceeding, that she has read the foregoing Application and is familiar with the transactions referred to herein and the documents attached hereto, and that, to the best of her knowledge, information and belief, the statements therein are all true and accurate.

/s/ Chery Hulet
Chery Hulet

Subscribed and sworn to before me this 17th day of January, 2018.

[Seal]



/s/ Erin Mitchell
Notary Public

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Application was served by email this 17th day of January, 2018, upon the following:

Division of Public Utilities:

Patricia Schmid	pschmid@utah.gov
Chris Parker	chrisparker@utah.gov
Artie Powell	wpowell@utah.gov

Office of Consumer Services:

Rex Olsen	rolsen@utah.gov
Michele Beck	mbeck@utah.gov

/s/ Cami Reeder

EXHIBIT "A"

TO THE

**APPLICATION OF DIXIE-ESCALANTE
RURAL ELECTRIC ASSOCIATION FOR AUTHORITY
TO ISSUE SECURITIES IN THE FORM
OF A REVOLVING CREDIT PROMISSORY NOTE**

**AMENDED AND RESTATED REVOLVING CREDIT
PROMISSORY NOTE AND SUPPLEMENT**

THIS AMENDED AND RESTATED REVOLVING CREDIT PROMISSORY NOTE AND SUPPLEMENT (“**Supplement**”) to the Master Loan Agreement dated June 26, 2013 (“**MLA**”), is entered into as of December 14, 2017 between **COBANK, ACB**, a federally-chartered instrumentality of the United States (“**CoBank**”) and **DIXIE-ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.**, Beryl, Utah, a nonprofit cooperative association (together with its permitted successors and assigns, the “**Company**”). Capitalized terms not otherwise defined in this Supplement will have the meanings set forth in the MLA.

RECITALS

(A) This Supplement amends, restates, replaces and supersedes, but does not constitute payment of the indebtedness evidenced by, the promissory note set forth in the Promissory Note and Committed Revolving Credit Supplement numbered RI1046S01, dated as of June 26, 2013, between CoBank and the Company.

SECTION 1. REVOLVING CREDIT COMMITMENT. On the terms and conditions set forth in the MLA and this Supplement, CoBank agrees to make loans to the Company during the period set forth below in an aggregate principal amount not to exceed \$5,000,000.00, at any one time outstanding (the “**Commitment**”). Within the limits of the Commitment, the Company may borrow, repay and re-borrow.

SECTION 2. PURPOSE. The purpose of the Commitment is to finance general operating needs and interim capital expenditures.

SECTION 3. TERM. The term of the Commitment will be from the date hereof, up to and including September 30, 2018, or such later date as CoBank may, in its sole discretion, authorize in writing (the “**Term Expiration Date**”). Notwithstanding the foregoing, the Commitment will be renewed for an additional year only if, on or before the Term Expiration Date, CoBank provides to the Company a written notice of renewal for an additional year (a “**Renewal Notice**”). If on or before the Term Expiration Date, CoBank grants a short-term extension of the Commitment, the Commitment will be renewed for an additional year only if CoBank provides to the Company a Renewal Notice on or before such extended expiration date. All annual renewals will be measured from, and effective as of, the same day as the Term Expiration Date in any year.

SECTION 4. LIMITS ON ADVANCES, AVAILABILITY, ETC. The loans will be made available as provided in Section 2 of the MLA.

SECTION 5. INTEREST. The Company agrees to pay interest on the unpaid balance of the loan(s) in accordance with the following interest rate option(s):

(A) **Weekly Quoted Variable Rate.** At a rate per annum equal at all times to the rate of interest established by CoBank on the first Business Day of each week. The rate established by CoBank will be effective until the first Business Day of the next week. Each change in the rate will be applicable to all balances subject to this option and information about the then current rate will be made available upon telephonic request.

DIXIE-ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.

Beryl, Utah

Supplement No. RI1046S01

Interest will be calculated on the actual number of days each loan is outstanding on the basis of a year consisting of 360 days and will be payable monthly in arrears by the 20th day of the following month or on such other day as CoBank will require in a written notice to the Company ("**Interest Payment Date**").

SECTION 6. PROMISSORY NOTE. The Company promises to repay the unpaid principal balance of the loans on the Term Expiration Date, as the term may be extended from time to time.

In addition to the above, the Company promises to pay interest on the unpaid principal balance of the loans at the times and in accordance with the provisions set forth herein.

SECTION 7. SECURITY. Except for CoBank's lien on the Company's equity in CoBank, the Company's obligations hereunder and, to the extent related hereto, under the MLA, will be unsecured.

SECTION 8. FEES. INTENTIONALLY OMITTED.

SECTION 9. LETTERS OF CREDIT. If agreeable to CoBank in its sole discretion in each instance, in addition to loans, the Company may utilize the Commitment to open irrevocable letters of credit for its account. Each letter of credit will be issued within a reasonable period of time after CoBank's receipt of a duly completed and executed copy of CoBank's then current form of Application and Reimbursement Agreement or, if applicable, in accordance with the terms of any CoTrade Agreement between the parties, and will reduce the amount available under the Commitment by the maximum amount capable of being drawn under such letter of credit. The Company agrees to pay to CoBank any fees, administrative expenses, and other customary charges that CoBank may charge or incur from time to time in connection with the issuance, maintenance, amendment (if any), assignment or transfer (if any), negotiation, and administration of the letter of credit. Any draw under any letter of credit issued hereunder will be deemed a loan under the Commitment and will be repaid in accordance with this Supplement. Each letter of credit must be in form and content acceptable to CoBank and must expire no later than the maturity date of the Commitment.

SIGNATURE PAGE FOLLOWS

DIXIE-ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.
Beryl, Utah
Supplement No. RI1046S01

SIGNATURE PAGE TO SUPPLEMENT

IN WITNESS WHEREOF, the parties have caused this Supplement to the MLA to be executed by their duly authorized officer(s).

**DIXIE-ESCALANTE RURAL
ELECTRIC ASSOCIATION, INC**

By: *Robyn L Searge*
Name: *Robyn L Searge*
Title: *Secretary*

DIXIE-ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.
Beryl, Utah
Supplement No. RI1046S01

SIGNATURE PAGE TO SUPPLEMENT

IN WITNESS WHEREOF, the parties have caused this Supplement to the MLA to be executed by their duly authorized officer(s).

COBANK, ACB

By: _____

Name: _____

Title: _____

