

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Notice from Garkane)
Energy Regarding the Acquisition of the) DOCKET NO. 09-028-03
Twin Cities Electrical Distribution Systems) REPORT AND ORDER

ISSUED: June 9, 2009

By The Commission:

This matter is before the Commission on Garkane Energy Cooperative, Inc.'s (Company) notice of acquisition of the Twin Cities' electrical distribution system (System).

On March 30, 2009, the Commission issued an order in Docket No. 09-028-01 approving a \$3 million increase in the Company's line of credit. In its application in that docket, the Company explicitly stated that part of the purpose for the increase was for the purchase of the System.

On May 12, 2009, the Division of Public Utilities (Division) submitted its Recommendation for approval of the Company's purchase of the System. In support of its Recommendation, the Division submitted the following information:

The Company purchased the system along with a 69kV transmission line which it plans to sell to Rocky Mountain Power (RMP) for \$3 million. The Company plans to pay-off the short-term loan with the proceeds of sale of the transmission line. This sale will reduce the financial risk the Company is assuming by purchasing the System.

Based on an opinion and order from the Arizona Corporation Commission which the Division used in making its Recommendation, the System's customers will benefit from the sale. The new tariff sheets submitted by the Company show an average decrease of about 14%

in customers' bills. Although the Company represented that it did not observe any major maintenance problems with the System, it would be reserving \$100,000 annually for the next five years for any minor corrections and replacements that it identifies.

The Division noted that the Company had the best access to financial information about its operations and budgets, and concluded that the purchase would be in its best interest. The Division did not find any reason to doubt that conclusion. The Division also concluded that based on its analysis in Docket No. 09-028-01, the Company is stable and should be able to handle a moderate capital expenditure program as well as the acquisition of the System.

Therefore, based on the Division's Recommendation and the factual allegations stated there, the Commission order as follows:

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 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 9th day of June, 2009.

/s/ Ruben H. Arredondo
Administrative Law Judge

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Approved and confirmed this 9th day of June, 2009 as the Report and Order of the
Public Service Commission of Utah.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron, Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
G#62077