

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of Mt.)
Wheeler Power, Inc., for Authority to Issue) DOCKET NO. 09-031-01
Securities) REPORT AND ORDER
)

ISSUED: April 23, 2009

By The Commission:

This matter is before the Commission on the Application of Mt. Wheeler Power, Inc. (Company) for approval to allow it to extend and increase the financing commitment with the National Rural Utilities Cooperative Finance Corporation (CFC) to a total commitment of \$25 million.

Currently, the Company has an outstanding financing commitment with CFC which was issued in 1998 for \$11.0 million, of which \$7.5 million has been used. The new commitment will be in place for 5 years and will be used to finance projects as necessary. When specific projects are identified, the Company makes a formal request for CFC to issue individual notes under this commitment. Each note is structured with repayment terms appropriate to the project and may have a maturity date and amortization of up to 40 years. Each new advance will reduce the amount available under this commitment but it is not anticipated that the Company will use the total commitment amount.

The Division of Public Utilities (Division) performed an analysis of the Company's Application. To complete its analysis, the Division relied on the following: 1) audited financial statements for the Company for years ending December 31, 2004 through December 31, 2007; 2) internal financial statements of the Company for December 31, 2008; 3)

CFC proposed Loan Agreement, Secured Promissory Note and Restated Mortgage and Security Agreement; 4) attachments filed by the Company with the Application; 5) correspondence with Kevin Robison of the Company. Based on its analysis, the Division recommended approval of the Company's Application.

The Division provided the following background for the Application:

The Company's revenues increased by 17.06% from 2004 to 2008, from \$16.147 to \$30.887 million. This revenue was primarily due to a large influx of commercial customers in 2005. Since 2005, the increase has constant at about 6.4%. Not only have the commercial customers increased revenues, but operating expenses as well. The Company's balance sheet, however, shows a significant increase in Cash and Equivalents for 2007 and 2008 with a current balance of \$2.037 million. The Company's regulatory Capital Structure shows Long-Term Debt at 38.01% with Common Equity at 61.99% for 2008. The Division performed a ratio and quick-ratio analysis for the Company. The ratio analysis for the year-end 2008 shows a current ratio of 1.22 and a quick ratio of .71. Return on Total Capital for 2008 is calculated at 10.85% compared to the historical average of 8.83%.

Loan covenants in the new agreement have not changed and require a minimum Debt Coverage Ratio of 1.35. Currently the Company's Debt Coverage Ratio is 2.79, with the average of all years at 2.30. Additional covenants specify that any additional loans from entities other than CFC must be less than 15% of Total Plant or 50% of Equity whichever is greater.

The Division also prepared forecasts for the Company based on the historical data from 2004 to 2008. Based on its forecast, the Division stated that the Company will be able to

meet its financial obligations and will remain in compliance with the covenants established in the CFC loan agreement. Based on its Analysis, the Division recommended that the Commission approve the Company's Application to extend the current agreement with CFC and increase the total commitment to \$25 million.

ORDER

Therefore based on the Application submitted by the Company, together with supporting documents, and based on the recommendation of the Division

1. the Commission hereby approves the Company's Application, and allows it to extend and increase the financing commitment with CFC to a total commitment of \$25 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 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 Sections 63G-4-401 and 63G-4-403 of the Utah Code and the Utah Rules of Appellate Procedure.

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DATED at Salt Lake City, Utah, this 23rd day of April, 2009.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
G#61577