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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION OF THE TICABOO ELECTRIC IMPROVEMENT DISTRICT FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO OPERATE AS A PUBLIC UTILITY RENDERING ELECTRICAL POWER SERVICE	DOCKET NO. 09-2508-01 AMENDED APPLICATION
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Applicant Ticaboo Electric Improvement District respectfully submits this Amended Application for a Certificate of Convenience and Necessity.

PROCEDURAL HISTORY

Garfield County, Utah, on behalf of the Ticaboo Electric Improvement District (the “Applicant”), filed an application for a Certificate of Convenience and Necessity (“Certificate”) on July 27, 2009, pursuant to Utah Code Annotated §§ 17B-2a-406(5) and 54-4-25. Garfield County filed the application because the Applicant was then being created and did not legally exist until November 3, 2009.

The Applicant is now formed and existing under the laws of Utah, and is now the Applicant herein. Since the time that Garfield County filed the original application, legal counsel for the Applicant has worked with the Division of Public Utilities (“DPU”) and the Office for Consumer Services (“OCS”) to provide updates and other information necessary to complete the application. The Applicant now files this Amended Application for the Commission’s consideration.

BACKGROUND

Ticaboo is an unincorporated community in Garfield County, Utah, lying approximately 12 miles north of the Bullfrog Marina on Lake Powell. Because of its remote location, Ticaboo does not have access to power service from any public utilities authorized to operate as such by the Commission. To remedy this situation, the Utah Legislature recently adopted new legislation (SB 188 from the 2009 General Legislative Session) permitting local districts to provide electric services, so long as the district obtains a Certificate from the Commission before January 1, 2010. UCA § 17B-2a-406(3)(b)(i)(C) (2009).

Ticaboo is a unique community that is occupied in large part by uranium mining companies and their employees, and numerous seasonal or vacation home owners due to its proximity to the Glen Canyon National Recreation Area. Currently, two mining companies own property in Ticaboo: Uranium One and Denison Mines. Denison's mine is currently active with about 8-10 employees working the mine, but Uranium One's mine is idle.

Ticaboo and its residents have long relied on area mining companies for public utilities, including sewer, water, garbage, and electricity. Within the past few years Garfield County formed the Ticaboo Special Service District to provide sewer, water and garbage services. At the time, local districts and special service districts were not authorized to provide electrical services. Now, with the new legislation authorizing it do so, Garfield County has formed the Applicant to provide electrical services.

Uranium One currently provides all electrical services to the residents of Ticaboo. Before Uranium One took over, U.S. Energy provided electricity to Ticaboo. Uranium One operates one or more diesel generators located just outside the Ticaboo townsite. Electricity is transmitted via Uranium One-owned transformers and distribution lines to residents in Ticaboo. Each resident is metered, and Uranium One charges its customers for metered usage.

In early 2008 Garfield County, teaming up with Uranium One, Denison Mines, the State of Utah Schools and Institutional Trust Lands Administration (SITLA, the owner of nearly all of the property comprising the Ticaboo townsite, who is interested in seeing its property become more developable), and the Glen Canyon National Recreation Area (who has expressed interest in working with Ticaboo on a new power supply to jointly serve the Bullfrog Marina and Ticaboo), pooled some financial resources in an effort to explore different electrical energy alternatives in the Ticaboo community. All of these entities collectively paid for a feasibility study to determine whether there was any way for Ticaboo to connect to any power line and thence be "on the grid." The nearest power line, however, is a Garkane line located over 40 miles away in Hanksville, Utah, and the power line is inadequate for extension to Ticaboo. Rocky Mountain Power estimated that it would cost over \$65 Million for Rocky Mountain Power to bring Ticaboo power. This simply was not feasible given the small size of the Ticaboo community (only about 78 active connections). For all practical purposes, Ticaboo is an isolated island off the grid when it comes to electrical services.

The Applicant was formed by Garfield County as a vehicle to provide the Ticaboo community and residents with electrical power without needing to rely on the mining companies.

Additionally, the mining companies provided power out of necessity to support the community; Uranium One has its mine and most of its property and assets in the area up for sale and is not interested in continuing to provide electricity and is anxious for the Applicant to take over that duty. Uranium One has been cooperative and helpful, agreeing to donate over \$500,000 worth of generators and transmission equipment to the Applicant to aid in the transition, including two diesel-powered generators.

The other mining company, Denison Mines has also been cooperative, agreeing to donate the use of a third, more fuel-efficient, generator and also agreeing to provide free personnel and technical support to aid the Applicant in its provision of electrical services. SITLA has supported the Applicant by agreeing to donate easements and other interests in real property where the Applicant's generators, transformers, and distribution lines are located. Finally, Garfield County has continually supported the successful operation of the Applicant by paying for the costs to create the Applicant and obtain a Certificate, and also providing some initial seed money to the Applicant to fund initial operations.

Upon receipt of a Certificate, the Applicant will assume responsibility for providing electricity in Ticaboo beginning January 1, 2010. Initially, the Applicant will provide electrical services by operating one or more diesel generators donated by Uranium One and/or Denison. For the long term, the Applicant anticipates pursuing alternative energy supplies, possibly in conjunction with the Glen Canyon National Recreation Area.

Without the Applicant, the Ticaboo community would continue to rely on mining companies for electrical services. Nobody is interested in that result, including the mining companies themselves. The Applicant will fill a role that is rare in Utah, as only one other electric district exists, but necessary and convenient to the Ticaboo community.

AMENDED APPLICATION

1. **Applicant Name:** Ticaboo Electric Improvement District
2. **Address:** Highway 276, Ticaboo, Utah 84533
3. **Service Area:** The Applicant's service area will be the Applicant's boundaries as shown on the official plat attached as **Exhibit A**. As required by UCA § 17C-2a-406(3)(b)(i), no part of the Applicant's boundary is within 40 miles of an existing service line of an electrical corporation, and no part of the area within the Applicant's boundaries is also within the certificated service area of an electrical corporation. Attached as **Exhibit B** are copies of letters from Rocky Mountain Power and Garkane Energy Cooperative verifying the same.
4. **Legal Status:** Applicant is a body corporate and politic with perpetual succession; a quasi-municipal corporation; and a political subdivision of the state of Utah duly created and existing under the laws of the state of Utah. The Applicant is a local district organized and existing under the Utah Limited Purpose Local Government Entities - Local Districts Act, UCA Title 17B. A copy of a Certificate of Existence issued to the Applicant by the Utah Lt. Governor's office on November 3, 2009, is attached as **Exhibit**

C. The Applicant is a public utility subject to regulation, other than direct rate regulation, by the Commission. UCA § 17B-2a-406(2) (2009).

5. **Tariff:** The Board of Trustees for the Applicant approved a tariff, in the form attached as **Exhibit D**, meeting all of the requirements of the Commission. The Applicant will provide electrical power services as set forth in the Applicant's tariff.
6. **Governance and Management.** The Applicant is governed by a three-person board of trustees, each of whom is appointed by the Garfield County Commission. The Garfield County Planner serves as the District Secretary. The administrative affairs of the Applicant are managed by a District Manager. Copies of the resumes/applications of the board are attached as **Exhibit E**.
7. **Electric Generation and Distribution Assets.** Applicant is or will be the owner of sufficient generation and distribution equipment to enable the Applicant to reliably provide electrical power service to all of Applicant's customers, beginning January 1, 2010. Uranium One, the mining company that has been providing electrical power service to all customers in Ticaboo to date, has agreed to donate, before December 31, 2009, substantially all of the electrical power assets owned by Uranium One in Ticaboo. A copy of a Memorandum of Understanding on Electric Service ("MOU"), evidencing the same, including a listing of all of the electrical power assets that will be donated to the Applicant, is attached as **Exhibit F**.

In addition to the electrical assets that the Applicant will receive from Uranium One, the Applicant will also have the use of a 360 kw diesel generator. This 360 kw generator is owned by Denison Mines, and Denison Mines has agreed to donate the use of the generator to the Applicant. At current loads this generator will operate more efficiently and use less diesel fuel. Additionally, Denison Mines has agreed to provide volunteer personnel support to maintain and repair, if necessary, that generator and all of the Applicant's other assets, as more fully described in the MOU attached as **Exhibit F**.

Before agreeing to accept the donation of assets from Uranium One, the Applicant hired an electrical engineering firm, Sunrise Engineering, to inspect and provide a report on the status and condition of all of the electrical power assets in Ticaboo. In short, the report indicates that all of the assets are in good working condition and are expected to continue to be in good working condition for at least the next 10-20 years. A complete copy of that report, including a statement of qualifications, is attached as **Exhibit G**.

At least initially, the Applicant will rely in large part on the technical expertise and experience of Denison Mines personnel to maintain and repair the Applicant's electrical assets. Additionally, the members of the Applicant's board of trustees each have significant experience operating diesel generators.

Uranium One has operated the diesel generators under authority of the Utah Department of Environmental Quality, Division of Air Quality, pursuant to Approval Orders DAQE-AN0141380002-08 and DAQE-IN01438003-09, copies of which Approval Orders are attached as **Exhibit H**. Upon conveyance of the generators from Uranium One to the

Applicant, the Applicant will replace Uranium One with the Applicant's name as the Permittee under those Approval Orders.

8. **Finances.** On November 9, 2009, the Garfield County Commission authorized a \$25,000 grant to the Applicant to fund initial operations and administrative expenses. A copy of minutes from that November 9, 2009 meeting is attached as **Exhibit I**.

The Applicant will fund ongoing operations by charging usage fees as indicated in Applicant's tariff. A copy of Applicant's proposed 2010 budget is attached as **Exhibit J**. The proposed 2010 budget includes statistics and charts showing historical operating expenses, and historical usages (all based on information provided by Uranium One).

Applicant has applied for an insurance policy from the Utah Local Government Trust. That policy will include liability coverage for \$5,000,000, and will also include property/casualty insurance covering the Applicant's electrical assets. The casualty policy will include coverage for accidental damage and mechanical failure. This will guarantee that the Applicant can at least maintain the status quo as the Applicant builds up capital improvements and reserve funds.

9. **Necessary and Convenient Service.** The Applicant's provision of electrical power services in Ticaboo is both necessary and convenient. In 2008, Garfield County completed a feasibility study and provided a Request for Proposal (RFP) to all potential electric service providers within reach of the Ticaboo area. The results of the feasibility study/RFP were unhelpful, as described in the "Background" section above. Copies of the RFP and all responses received by the Applicant are attached as **Exhibit K**.

As indicated in the "Background" section above, the Ticaboo community has long relied on mining companies for utilities, including electricity, but the community will greatly benefit by moving away from that happenstance. The Applicant will allow greater community input and control over critical electrical power assets and services that serve more than the mines.

The Applicant has long-term goals to develop a more reliable, more efficient, and more environmentally-friendly power generation source. The Applicant has over the past few years communicated with the Glen Canyon National Recreation Area (Bullfrog Marina) to try and work together on a joint power system, including exploring alternative energy options such as solar powered systems. While Applicant does not have immediate or concrete plans for a new power system, the Applicant will now be in a position to begin exploring these possibilities in further detail and in a more action-oriented manner.

CONCLUSION

The Applicant requests that the Commission issue a Certificate of Convenience and Necessity for the Applicant to provide electrical power services within the Applicant's boundaries as described in this application. The Applicant intends to begin providing electrical power services on January 1, 2010.

DATED this _____ day of November, 2009.

SMITH HARTVIGSEN, PLLC

J. Craig Smith
Kyle C. Fielding
Attorneys for the Applicant

Certificate of Service

I certify that on this ____ day of November, 2009, a true and correct copy of the foregoing

AMENDED APPLICATION was hand-delivered to the following:

Dennis Miller
Division of Public Utilities
Heber M. Wells Bldg – 4th Floor
160 E 300 S – Box 146751
Salt Lake City, Utah 84114

Cheryl Murray
Office of Consumer Services
160 East 300 South
Salt Lake City, Utah 84111

Additionally, a true and correct copy of the same was emailed to the following:

dpudatarequest@utah.gov

dennismiller@utah.gov

cmurray@utah.gov

Exhibit List

- Exhibit A — District Plat
- Exhibit B — Boundary Verification Letters from Rocky Mountain Power and Garkane
- Exhibit C — Certificate of Existence
- Exhibit D — Tariff
- Exhibit E — Resumes for Board of Trustees
- Exhibit F — Memorandum of Understanding on Electric Service
- Exhibit G — Sunrise Engineering, Electrical Report
- Exhibit H — DEQ Approval Orders
- Exhibit I — Minutes from November 9, 2009 Garfield County Commission meeting, showing authorization of \$25,000 grant to the Applicant
- Exhibit J — Proposed 2010 Budget
- Exhibit K — RFP and response letters