

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

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In the Matter of the Application of Empire )  
Electric Association, Inc. for Authority to )  
Issue Securities )  
)  
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DOCKET NO. 10-025-01

REPORT AND ORDER

ISSUED: September 14, 2010

SYNOPSIS

Empire Electric Association, Inc. (Company) applied for authority to issue securities in order to refinance a portion of debt incurred in 2007. The refinance will reduce the cost of debt by about \$73,000 per year. The Commission approves the Application allowing for the Company to issue the securities.

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By The Commission:

On August 10, 2010, the Company applied for authority to issue securities in order to refinance a debt of \$1,060,340.00. The Commission originally granted the Company authority to incur this debt in 2007. The Company will issue a secured Promissory Note (Note) to the National Rural Utilities Cooperative Finance Corporation (CFC), which Note will be payable over nine years.

The Company stated that it is refinancing the debt to reduce the cost. The Company estimates that it will save about \$73,000 annually by refinancing. The Company represented that it would have to enter in a loan agreement and execute a note to refinance. The Company further represented that it has sufficient revenues to service the debt, and attached a comparison of cash flows and summary to support that representation. It further attached a copy of its independent audit for the year ending December 2009. It states that issuance of the

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securities is in its best interest and in the best interests of its ratepayers, as it will allow it to reduce its cost and allow it to continue serve its ratepayers in the future.

The Company moved for informal adjudication of the Application per Utah Admin. Code R746-110. It represented that this matter would be unopposed, and attached a sworn statement from Glen Noble, the Engineering Manager for the Company, attesting to the truthfulness of the Application and attached exhibits, including the representation that the matter would go unopposed.

On August 26, 2010, the Division of Public Utilities (Division) submitted its recommendation to the Commission, recommending approval. In support of its recommendation, the Division reviewed the following: the Application and exhibits; the Company's audited financial reports from 2004 to 2009; and discussed details of the loan and Company financial statements with Mary Thiesing (the Company's accounting manager). The Division noted that the Company's board of directors approved the refinance on August 20, 2010, after the Application was filed. A copy of the board's resolution was included with the Division's recommendation, however. The Division concluded that the proceeds of the loan will be used for lawful purposes as represented by the Company and also stated the Company would be able to meet its obligations under the terms of the proposed loan.

The Company has made a *prima facie* case for approval of the Application, and for its informal adjudication. There is no opposition to this Application. The Application should be adjudicated informally and should granted, it being just and reasonable and in the public's best interest. The Commission orders as follows:

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ORDER

1. This matter is converted to an informal matter;
2. This is a final order and the 20-day tentative period is waived;
3. As of the date of issuance of this Order, the Company is granted authority to issue securities as represented and detailed in its Application;
4. 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 Utah Rules of Appellate Procedure.

DATED at Salt Lake City, Utah, this 14<sup>th</sup> day of September, 2010.

/s/ Ruben H. Arredondo  
Administrative Law Judge

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Approved and confirmed this 14<sup>th</sup> day of September, 2010, 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#68574