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 Attorneys for Flowell Electric Association, Inc.

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

)	
In the Matter of the Application of)	
Flowell Electric Association, Inc. for)	DOCKET NO. 10-027-01
Authority to Issue Securities in the form)	
of a Secured Promissory Note and)	
Related Documents)	VERIFIED APPLICATION FOR APPROVAL
)	OF ISSUANCE OF SECURITIES
)	
)	

Applicant Flowell Electric Association, Inc. ("Flowell ") hereby applies to the Commission pursuant to *Utah Code Ann.* § 54-4-31 for an Order authorizing Flowell to issue securities in the form of a Secured Promissory Note to the National Rural Utilities Cooperative Finance Corporation ("CFC") in an amount up to \$2,000,000 ("Secured Promissory Note"), and to enter into and deliver other documents, agreements and arrangements reasonably incident to the same.

Pursuant to R746-110-1, *Rules of the Public Service Commission ("Rules")*, Flowell anticipates and represents that this matter will be unopposed and uncontested and hereby requests

Informal Adjudication of this Application. Flowell requests that the Commission determine that no additional public notice of this proceeding is required under R746-110-2 of the *Rules*.

In support of this Application, Flowell respectfully represents as follows:

General Background

1. Flowell is a rural electrical cooperative that provides electric services at retail to its members/owners in the State of Utah.

2. Flowell is a public utility subject to the jurisdiction of this Commission under the laws of the State of Utah.

CFC Debt

3. Flowell has outstanding long-term debt obligations to CFC in the amount of nearly \$1.6 million and a revolving line of credit with CFC in an amount up to \$1,000,000 and a current outstanding balance of approximately \$250,000. Flowell's Board of Directors has determined that Flowell should enter into a Secured Promissory Note for up to \$2,000,000 to provide a means of long-term financing to complete planned public utility work projects for the foreseeable future.

Board Authorization/Documents/Terms

4. At a duly-noticed and called meeting of the Board of Directors of Flowell held on May 11, 2010, the Board authorized Flowell to pursue the Secured Promissory Note and related documents. A true and correct copy of that resolution is attached hereto as Exhibit "A."

5. In accordance with the Board's authorization and upon Commission approval, Flowell will execute and deliver to CFC a Loan Agreement in an amount up to \$2,000,000, in substantially the form attached hereto as Exhibit "B," a Secured Promissory Note in an amount up to \$2,000,000

in substantially the form attached hereto as Exhibit “C,” and other related documents requested by CFC, including a UCC-1 Financing Statement.

6. The Secured Promissory Note, along with the existing long-term debt and revolving line of credit, will continue to be secured by an existing Restated Mortgage and Security Agreement dated November 11, 2008, as authorized by the Commission’s Report and Order issued October 7, 2008, in Docket 08-027-01, covering virtually all of Flowell’s assets.

7. Advances under the Secured Promissory Note will carry terms of up to 35 years and will, at Flowell’s option, bear interest at a CFC Fixed Rate or a CFC Variable Rate available and in effect from time to time. Payments will be due quarterly.

Public Interest

8. The Board of Directors of Flowell has approved the new loan and has authorized execution and delivery of the Loan Agreement and Secured Promissory Note and related documents and transactions as in the best interests of Flowell and its members/ratepayers.

9. The primary purpose of the Secured Promissory Note is to provide a source of long-term financing for planned capital work projects necessary or convenient to carry out Flowell’s public utility services in a manner consistent with its Articles, Bylaws and applicable laws and regulations.

10. Flowell has and will continue to have sufficient operating margins to service any additional debt incurred pursuant to the Secured Promissory Note.

11. The proposed Secured Promissory Note and related documents and transaction are for lawful objects within Flowell's proper corporate purposes, are compatible with the public

interest, are necessary or appropriate for or consistent with the proper performance by Flowell of its services as a public utility, and will not impair Flowell's ability to perform those services.

Requested Time of Approval

12. Flowell desires to have the Secured Promissory Note in place as soon as reasonably practicable and requests approval at the earliest convenient and practicable date.

DATED this 11th day of June, 2010.

Hatch, James & Dodge

/s/ _____
Gary A. Dodge
Attorneys for Flowell Electric Association, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Application was served by email this 16th day of June, 2010, upon the following:

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