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## **ACTION REQUEST RESPONSE**

**To: Public Service Commission**

From: Division of Public Utilities  
Chris Parker, Director  
Energy Section  
Artie Powell, Manager  
Marlin H. Barrow, Technical Consultant  
Doug Wheelwright, Utility Analyst

Date: November 14, 2012

**SUBJECT:**

Garkane Energy's Application to Amend Service Area - Docket No. 12-028-01

**ISSUE:**

On September 27, 2012, Garkane Energy Cooperative, Inc., (Garkane) filed with the Utah Public Service Commission, (Commission) an Application to Amend its Certificated Service Area. On October 17, 2012, the Commission issued an Action Request to the Division requesting the Division review the application and make a recommendation. This is the Division's response to that action request.

**RECOMMEND APPROVAL:**

The Division recommends the Commission approve Garkane's application to amend its certified service area as filed.

**DISCUSSION:**

On September 27, 2012, Garkane filed with the Commission an application to amend its certified service area to serve the Zion View Estates Subdivision on Cedar Mountain in Kane County, Utah.

The application is a request to amend Garkane's original Certificate of Convenience & Necessity (CPCN) No. 1664 granted on April 29, 1976. Included in the application are letters from Rocky Mountain Power and the Kane County Commission supporting Garkane's request to amend their original CPCN to include the Zion View Estates Subdivision as part of Garkane's certified service area.

The application has as Attachments 1 and 2, a map showing the service area (attach 1) with an updated legal description which inserts with highlighting, the new service area's legal description as part of their existing service area legal description ( attach 2). The Division takes at face value the accuracy of the legal descriptions as being factual without further review and verification.

In accordance with §54-4-25(5)(d), Garkane's 5 year average (2007-2011) regulatory debt to equity ratio is 54.57% debt to 45.43% equity. 2011's regulatory debt to equity ratio is 51.36% to 48.64%. Year-to-date August 2012 debt to equity ratio is 51.34% to 48.66%.

As part of the review and in response to a Division request, Garkane management, in an October 24, 2012 letter to the Division, indicates that line extension costs to serve the Zion View Estates Subdivision will be aid in construction and Garkane will experience no out-of-pocket costs. (letter attached).

The Division recommends the Commission approve the request of Garkane to amend their current CPCN to include Zion View Estates Subdivision as part of Garkane's authorized service territory.

Cc: Carl Albrect, CEO, Garkane Energy Cooperative, Inc.

Marialie Martinez, DPU Customer Service

Michele Beck, OCS

Mike Peterson, Director, Utah REA

Dave Taylor, Rocky Mountain Power