

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Name Change of)
Ticaboo Electric Improvement District to) DOCKET NO. 13-2508-01
Ticaboo Utility Improvement District)
)
In the Matter of the Application of Ticaboo) DOCKET NO. 13-2508-02
Utility Improvement District (FKA Ticaboo)
Electric Improvement District) for Authority)
to Issue Securities and Enter into Contracts) ORDER
)

ISSUED: October 10, 2013

By The Commission:

On September 16, 2013, Ticaboo Electric Improvement District (“Ticaboo”), filed a motion with the Commission to change its name to Ticaboo Utility Improvement District (“Name Change Motion”), and an application pursuant to Utah Code Ann. §§ 54-4-31 and 54-4-26 for authority to issue securities and enter into contracts (“Securities Application”).

Pursuant to the Commission’s September 17, 2013, notices of filing and comment period, the Division of Public Utilities (“Division”) filed its action request response addressing the Name Change Motion and Securities Application on October 8, 2013.

Name Change Motion (Docket No. 13-2508-01)

The Division recommends approval of the Name Change Motion and indicates the reason for Ticaboo’s requested name change is due to the consolidation of its utility operations. In addition to providing electricity, Ticaboo provides culinary water, waste water and garbage collection service. The Division indicates the requested name change was approved by the Lieutenant Governor’s Office on March 5, 2013, and recorded in Garfield County on March 25, 2013.

Securities Application (Docket No. 13-2508-02)

The Division also recommends approval of the Securities Application, which requests approval of a \$600,000 term loan from the Utah Permanent Community Impact Fund Board (“CIB”) that will be used to acquire more efficient power generating equipment and make other related infrastructure improvements to Ticaboo’s electric system. Repayment of the loan will be accomplished through Ticaboo’s issuance of a bond to CIB, with Ticaboo’s payments on the bond funded through its electric revenues.¹ Ticaboo represents that its Board of Trustees will adopt a resolution to issue the bond at a duly-noticed and authorized meeting.² The loan will be amortized over 30 years at an interest rate of 1.5%. According to the Division, CIB has approved the terms of the loan and is scheduled to close by the end of October 2013.

In its action request response the Division describes Ticaboo’s unique challenge of high operating costs combined with a small customer base to pay for the expense of providing electric service to an area that includes the Bullfrog Marina and Glen Canyon National Recreation Area. According to the Division,¹ the primary reason for the creation of Ticaboo was due to the remote location of its service area and the infeasibility to connect to the conventional power grid.³ As a result, Ticaboo provides electric service generated from aging diesel power generators and associated infrastructure. Ticaboo indicates the current diesel generators are functional but are highly inefficient and fail to meet current air quality standards. Ticaboo

¹ See Securities Application, Exhibit A.

² See Securities Application at p.2.

³ According to the Division and Ticaboo, the closest connection to Garkane Energy is approximately 55 miles from Ticaboo’s service area and the closest connection to Rocky Mountain Power is 127 miles.

further asserts the new generators will lead to annual fuel savings far greater than the annual debt service on the CIB loans.⁴

The Division's action request response outlines a series of challenges and concerns regarding analysis of the Securities Application and indicates that certain assumptions regarding fuel savings associated with the new generators and revenues included in Ticaboo's financial information were inflated and may not be fully realized.⁵ As such, the Division made adjustments to Ticaboo's projections to reflect a more conservative outlook on future years. Despite these adjustments, the Division indicates Ticaboo could meet the proposed loan payments and stay within the debt coverage ratio identified in the loan covenants with CIB.

Ticaboo requests expedited consideration of the Securities Application in order to obtain the funding from CIB as soon as reasonably possible, to allow Ticaboo to comply with all CIB bond requirements within the specified timeframe, and to provide the benefits of the project as quickly as possible to Ticaboo's customers. As such, Ticaboo requests a waiver of the 20-day tentative period under R746-110-2 and, if necessary, waiver of the 30-day period under R746-401-3.

No party opposes the Motion for Name Change or Securities Applications and we find their approval to be in the public interest because it will allow Ticaboo to provide electric service to present and future customers.

⁴ Securities Application at p. 2.

⁵ See Division Action Request Response at p.5

ORDER

Based on Ticaboo's uncontested Motion for Name Change and Securities Application, the Division's recommendation for approval, and the previous findings, the Commission orders as follows:

1. These matters are converted to informal adjudications;
2. Ticaboo's Motion for Name Change and Securities Application are approved;
3. The 20-day tentative period contained in Utah Admin. Code R746-110-2 is waived and this is a final order;
4. The 30-day notice contained in Utah Admin. Code R746-401-3 is waived.

DATED at Salt Lake City, Utah this 10th day of October, 2013.

/s/ Ron Allen, Chairman

/s/ David R. Clark, Commissioner

/s/ Thad LeVar, Commissioner

Attest:

/s/ Gary L. Widerburg
Commission Secretary

DW#247810

Notice of Opportunity for Agency Review or Rehearing

Pursuant to Utah Code Ann. §§ 63G-4-301 and 54-7-15, a party may seek agency review or rehearing of this order by filing a request for review or rehearing with the Commission within 30 days after the issuance of the 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 fails to grant a request for review or rehearing within 20 days after the filing of a request for review or rehearing, 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 Utah Code Ann. §§ 63G-4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on the 10th day of October, 2013, a true and correct copy of the foregoing ORDER, was delivered upon the following as indicated below:

By Electronic-Mail:

J. Craig Smith (jcsmith@smithlawonline.com)
Smith Hartvigsen PLLC

By Hand-Delivery:

Division of Public Utilities
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Administrative Assistant