

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

Notification of Empire Electric Association, Inc. of Prepayment of its Outstanding Loans from United States Rural Utilities Service and Application for New Loan Funds from National Rural Utilities Cooperative Finance Corporation	<u>DOCKET NO. 17-025-01</u> <u>ORDER</u>
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ISSUED: October 12, 2017

On September 8, 2017, Empire Electric Association, Inc. (Empire) filed an application (Application) notifying the Public Service Commission of Utah (PSC) of its intent to prepay the outstanding principal balance of its loans with the United States Rural Utilities Service (RUS) with approximately \$30.8 million in loans secured from the National Rural Utilities Cooperative Finance Corporation (CFC). Empire represents it will secure the CFC funds through a new loan agreement with CFC.

In addition, Empire intends to secure approximately \$16.0 million in construction loan funds from CFC. Empire represents these funds will be used to finance new construction over the next five years. Empire further represents that it will have access to the full \$16.0 million loan amount, but will only draw funds as needed.

On October 10, 2017, the Division of Public Utilities (DPU) filed an action request response addressing Empire's Application. The DPU states the Application is filed pursuant to Utah Code Ann. § 54-4-31 in response to Empire's request for authorization to issue securities in the form of a long-term secured debt obligation. The DPU explains approval of the Application will result in retirement of all debt between Empire and RUS.

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The DPU recommends approval of Empire's Application based on the following factors:

1. Empire's financial statements appear to reflect financial stability for the past five years, including an ability to meet its financial obligations;
2. Empire recently increased customer rates and may seek an additional rate increase, if necessary; and
3. Empire's Board of Directors approved the proposed transactions during its September 8, 2017 meeting.

The DPU further concludes the terms of the financial transactions appear to be consistent with current market rates. Accordingly, the DPU recommends the PSC approve the Application.

No other comments were received, and the opportunity to oppose the Application closed on October 10, 2017. Therefore, considering the representations set forth in the Application, the DPU's recommendation to approve, and there being no opposition, we approve the Application, pursuant to Utah Code Ann. § 54-4-31.

ORDER

We approve Empire's Application.

DATED at Salt Lake City, Utah, October 12, 2017.

/s/ Melanie A. Reif
Presiding Officer

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Approved and Confirmed as the Order of the PSC, October 12, 2017.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Jordan A. White, Commissioner

Attest:

/s/ Gary L. Widerburg

PSC Secretary

DW#297253

Notice of Opportunity for Agency Review or Rehearing

Pursuant to §§ 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 PSC 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 PSC 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 PSC'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 §§ 63G-4-401 and 63G-4-403 of the Utah Code and Utah Rules of Appellate Procedure.

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CERTIFICATE OF SERVICE

I CERTIFY that on October 12, 2017, a true and correct copy of the foregoing was served upon the following as indicated below:

By Electronic-Mail:

Josh Dellinger (josh.dellinger@eeaa.coop)
Empire Electric Association, Inc.

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Administrative Assistant