



MOON LAKE ELECTRIC ASSOCIATION · P.O. BOX 278 · 800 WEST HWY 40 · ROOSEVELT, UTAH 84066 · 435-722-5400

State of Utah Department of Commerce
Division of Public Utilities
Attn: Chris Parker, Director

May 28, 2019

Dear Mr. Parker:

Moon Lake Electric Association Inc. has found it necessary to make changes to various Rates and Regulations that would be effective July 1, 2019.

The Board of Directors of Moon Lake met on May 8, 2019, and approved the consideration of the changes outlined.

Notice of the Public Hearings were mailed to every Member on May 10, 2019. We also put notice in the Uintah Basin Standard, the Herald Times in Rangely, and Moon Lake's Facebook account. The hearings were held May 22, at the Moon Lake Office in Roosevelt, Utah, and May 23, at the Town Hall in Rangely, Colorado.

After the Hearing in Colorado on May 23, the Board held a special meeting and voted to adopt the changes.

The Members will be notified of the changes at our Annual Meeting that will be held in Roosevelt on May 30, 2019. We will also notice the members on Facebook.

Attached are files that include redline copies of the Tariffs and Regulations showing the changes, along with a clean copy of both.

Some of the changes are very minor, and have little if any effect on current members, and others are significant in nature, and I will explain the important changes.

Regulation 15 Deposits:

In Moon Lake's service area, most large customers are related to the oil and gas industry, and with recent volatility in the market, the problem of bankruptcy with established companies is increasing. Our current policy of holding cash for one year then refunding if the payment history is good is not adequate in addressing credit risk, therefore we are implementing the provision that we may require an ongoing assurance bond to cover approximately two months billing if the average monthly bill exceeds \$10,000. This also eases the burden by not requiring cash in advance.

Regulation 17 Line Extensions:

We added the provision of System Capacity Charges (Impact Fee) to this regulation for new services and upgrades in transformer capacity. The amounts are calculated based on load factors for the various rate classes, and a projected capital requirement of \$50 million

Tariff Rate Changes:

Since 1996, Moon Lake's contract for power with Deseret G&T has required any load, or aggregation of loads by a single customer above 2,500 kw to have a negotiated contract for the power. In many respects the contracts have worked well, particularly regarding rate stability. However, they were very complex, and difficult to administer, and with the lower price on oil and gas, the various companies were reluctant to go beyond one year. We created rates IS-5, 6, and 7 in an effort to simplify the process, standardize the rates, and abolish contracts for customers between 2,500-15,000 kw.

We also created a new rate for oil and gas extraction and processing (IS-1) for loads previously served under our Large Power Rate. This was intended to bring more equality to customers with similar services in the same industry, whether served previously under contract or tariff. For this new class of customer, the overall increase is calculated at approximately 8%.

Please let me know if you have any questions or other requirements prior to implementing on July 1.

Sincerely,



Alan Haslem

Manager of Finance / CFO