

David F. Crabtree (05459)
Deseret Generation & Transmission
Co-operative
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Attorney for Deseret Generation & Transmission Co-operative

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of)	Docket No.
Deseret Generation & Transmission)	
Co-operative for Approval to Issue)	Verified Application
Securities in the form of Amended)	For Approval to
Secured Promissory Note)	Issue Securities
)	

Deseret Generation & Transmission Co-operative ("Deseret" or "Deseret"), hereby applies to the Commission pursuant to *Utah Code Ann. § 54-4-31* for an Order authorizing Deseret to issue securities in the form of an amended promissory note to the National Rural Utilities Cooperative Finance Corporation ("CFC") in connection with a working capital Line of Credit described below. The amount of the promissory note to be executed by Deseret is expected to be up to \$20,000,000.00, as set forth in Exhibit "A" to this Application. Proceeds of advances under the Line of Credit will be used for working capital cash needs of Deseret.

Deseret anticipates and represents that this matter is expected to be unopposed and uncontested. Pursuant to R746-110-1, *Utah Administrative Code* ("Rules") Deseret hereby requests Informal Adjudication of this Application. This Application is supported by the sworn statements in this Verified Application and true and correct copies of the documents attached hereto, which documents are sufficient to establish the facts pertinent to this Application.

Pursuant to R746-110-2 of the *Rules*, and for good cause shown, Deseret respectfully requests entry of a final Commission order approving the Loan as soon as practicable, and within 30 days if feasible, in order to meet CFC timing requirements. In light of its board's approval of the Loan at a duly-noticed public meeting, Deseret further asks the Commission to determine that no additional public notice of this proceeding is required under R746- 110-2 of the *Rules*.

In support of this Application, Deseret represents as follows:

Background

1. Deseret is a wholesale electric cooperative providing electric generating and transmission services to its six member rural electrical cooperatives who, in turn, provide retail electric services to their member/owners in the States of Utah, Wyoming,

Arizona, Colorado, and Nevada. Deseret is a public utility subject to the jurisdiction of this Commission.

2. For years, Deseret has faced severe financial difficulties. In 1996 Deseret entered into a long-term debt restructuring and forbearance arrangement with its creditors (the "Obligations Restructuring Agreement" or "ORA"), and again in 1998, Deseret entered into a series of further arrangements with its major creditors for restructuring and recapitalizing Deseret's secured indebtedness.

3. Pursuant to the 1996 ORA, Deseret entered into a Revolving Credit Agreement with its single largest creditor, the National Rural Utilities Cooperative Finance Corporation ("CFC"). Pursuant to a Second Amended and Restated Revolving Credit Agreement dated as of October 16, 2011 (the "Existing Line of Credit"), Deseret and CFC renewed and extended the original line of credit agreement for a commitment period having a term of five (5) years through October 16, 2016.

4. On or about October 12, 2016, Deseret and CFC entered into a Third Amended and Restated Line of Credit (the "Extended Line of Credit") whereby the commitment period for funding under the credit line was extended through November 30, 2017.

5. Deseret and CFC have now negotiated a First Amendment to the Extended Line of Credit whereby the commitment period for funding under the credit line will be extended through November 30,

2018 (the "Amended and Extended Line of Credit").

5. Deseret depends upon CFC as a primary source of additional financing, and has from time to time, arranged through CFC or through facilities of CFC, for needed financing support in the form of, among other things: letter(s) of credit for marketing and sales transactions; revolving working capital loan(s) for finance liquidity and other working capital needs, among other things.

6. Deseret will rely on the Extended Line of Credit as a source of continued and/or additional letter of credit support from CFC, working capital liquidity, and other financing support through at least the extended commitment period.

Amended and Extended Line of Credit

7. Deseret and CFC have negotiated the terms of the Amended and Extended Line of Credit whereby Deseret will: (a) issue a Substitute Amended and Restated Secured Promissory Note (the "2017 CFC Line of Credit Note") (a copy of which in substantially final form is attached hereto as Exhibit "A"), in an amount not to exceed \$20 million; (b) enter into a First Amendment to Third Amended and Restated Revolving Credit Agreement with CFC (the "Amended and Extended Line of Credit Agreement") (a copy of which in substantially final form is attached hereto as Exhibit "B"); and (c) execute and deliver a Third Supplement and Amendment to Amended and Restated Mortgage and Security Agreement superseding and

replacing the existing Second Supplemental Mortgage (the "Third Supplemental Mortgage") (a copy of which in substantially final form, excluding the voluminous real property descriptions, is attached hereto as Exhibit "C") granting a security interest in and to substantially all of Deseret's utility plant and equipment, together with certain other assets, (but excluding certain Excluded Property as set forth therein) in favor of CFC as security for the Amended and Extended Line of Credit and other indebtedness outstanding to CFC.

8. The terms of the Amended and Extended Line of Credit Agreement and the 2017 CFC Line of Credit Note are substantially similar to the terms of the existing Extended Line of Credit, to wit, Deseret will repay any draws under the Extended Line of Credit as follows:

a. Principal amounts of advances under the Extended Line of Credit, together with unpaid interest accrued thereon, will become due and payable on the last day of the commitment period (November 30, 2018).

b. Interest payments on amounts of advances under the Extended Line of Credit are payable in accordance with CFC's regular billing cycles as may be in effect from time to time. As of the date hereof, interest is due and payable on the last day of each of March, June, September and December. CFC must provide reasonable prior written notice to Deseret of any

change to the billing cycle or due dates for the payment of interest. CFC must also invoice Deseret at least five days prior to the due date of any interest payment.

9. Interest on amounts advanced under the Amended and Extended Line of Credit will be computed at a rate equal to the CFC Line of Credit Rate, which is the rate published by CFC from time to time, by electronic or other means, for similarly classified lines of credit extended to CFC borrowers, or if such rate is not published, then the rate determined for such lines of credit by CFC from time to time.

10. All amounts due and owing for advances under the Amended and Extended Line of Credit will become due and payable in full in all events no later than November 30, 2018.

11. Amounts advanced under the Amended and Extended Line of Credit may be repaid and/or prepaid at any time without penalty.

12. Amounts owed by Deseret to CFC under the 2017 CFC Line of Credit Note will be secured by the Third Supplemental Mortgage.

Public Interest

13. The Amended and Extended Line of Credit was negotiated and structured to avoid any adverse impact on the positions, rights, remedies and risks of Deseret and/or Deseret's Members under the 1996 ORA and the 1998 debt restructuring and the Recapitalization Agreements, respectively, as well as all other existing agreements, amendments, and arrangements between Deseret

and CFC. Deseret does not anticipate any changes to its member rates or charges as a consequence of the Amended and Extended Line of Credit.

14. The representatives of all six Deseret Members on Deseret's Board of Trustees have actively participated in the development of, and the Board of Trustees has approved the terms of the Amended and Extended Line of Credit.

15. Deseret has determined that the Amended and Extended Line of Credit will add an increased level of certainty and stability to Deseret's financial position, will increase its ability to respond to potential working capital cash demands during the coming months, and will otherwise present opportunities to Deseret on terms that are advantageous to Deseret. The Amended and Extended Line of Credit will help avoid and/or delay financing(s) as may become necessary from time to time in support of ongoing operations.

16. The Amended and Extended Line of Credit is for lawful objects within Deseret's proper corporate purposes, is compatible with the public interest, is necessary or appropriate for or consistent with the proper performance by Deseret of its services as a public utility, and will not impair Deseret's ability to provide or perform those services.

Requested Timing of Approval

17. Deseret requests expedited and informal consideration of this Application on the grounds that the terms and conditions of

the Amended and Extended Line of Credit have previously been reviewed by and approved by Deseret's governing board which represents all six (6) of Deseret's members.

18. Deseret desires to avoid any period(s) during which Deseret has no access to advances, should a need arise for working capital cash, under the existing Extended Line of Credit, which commitment period will otherwise expire November 30, 2017. Accordingly, Deseret requests that a Report and Order be issued no later than October 25, 2017, in time for Deseret to execute the 2017 CFC Line of Credit Note, sign and record the Third Supplemental Mortgage, and proceed to put the Amended and Extended Line of Credit in effect prior to or concurrent with the end of the commitment period under the existing Extended Line of Credit on November 30, 2017.

19. Pursuant to R746-110-2, Deseret requests waiver by the Commission of the 20-day tentative period for good cause, as shown above.

Requested Action

Wherefore, Deseret asks this Commission to issue an order approving and authorizing the issuance of securities by Deseret in the form of the 2017 CFC Line of Credit Note to CFC in connection with the Amended and Extended Line of Credit in the amounts and for the purposes specified herein.

DATED this 16th day of September, 2017.

David F. Crabtree

/s/ 
Attorney for Deseret Generation
& Transmission Co-operative

VERIFICATION

STATE OF UTAH)
 :ss
COUNTY OF SALT LAKE)

The undersigned, Gregory M. Humphreys, being first duly sworn upon oath, deposes and states that he is the Chief Financial Officer of Deseret Generation & Transmission Co-operative, the Applicant in this proceeding, that he has read the foregoing Application and is familiar with the transactions referred to herein and the documents attached hereto, and that, to the best of his knowledge, information and belief, the statements therein are all true and accurate.

/s/ 
Gregory M. Humphreys

Subscribed and sworn to before me this 10th day of September, 2017.



/s/ 
Notary Public

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Application was served by email this 21st day of September, 2017, upon the following:

Division of Public Utilities:

Patricia Schmid	pschmid@utah.gov
Chris Parker	chrisparker@utah.gov
Artie Powell	wpowell@utah.gov

Office of Consumer Services:

Rex Olsen	rolsen@utah.gov
Michele Beck	mbeck@utah.gov

/s/ Camie Needer

EXHIBIT “A”

SUBSTITUTE AMENDED AND RESTATED SECURED PROMISSORY NOTE

\$20,000,000.00

dated as of _____, 2017

DESERET GENERATION & TRANSMISSION CO-OPERATIVE, a Utah corporation ("Borrower"), for value received promises to pay, without setoff, deduction, recoupment or counterclaim, to the order of NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION ("Payee") at its office in Dulles, Virginia or such other location as the Payee may designate to the Borrower, in lawful money of the United States, the principal sum of TWENTY MILLION and 00/100 DOLLARS (\$20,000,000.00) or such lesser sum of the aggregate unpaid principal amount of all advances made by the Payee pursuant to that certain Third Amended and Restated Revolving Credit Agreement, dated as of October 12, 2016, as amended by the First Amendment to Third Amended and Restated Revolving Credit Agreement, dated as of even date herewith, each among the Borrower, Blue Mountain Energy, Inc. and the Payee, as it may be supplemented, amended, consolidated, restated or replaced from time to time (herein called the "Loan Agreement"), payable on such dates and in such principal amounts as provided in the Loan Agreement, and to pay interest on all amounts remaining unpaid hereunder from the date hereof in like money, at said office, at the rate and in amounts and payable on the dates provided in the Loan Agreement, together with any other amount payable under the Loan Agreement with respect to any advance under this Note and the Loan Agreement, *provided, however,* that if not sooner paid as provided in the Loan Agreement, then any balance of the principal amount and interest accrued thereon shall be due and payable on the last day of the Commitment Period (as defined in the Loan Agreement).

This Note is made in substitution and lieu of the Amended and Restated Secured Promissory Note, made by the Borrower to the Payee, dated as of October 12, 2016, and shall not constitute a novation of the indebtedness evidenced thereby.

This Note is secured under an Amended and Restated Mortgage and Security Agreement, dated as of December 16, 2005, as supplemented and amended by that certain Supplement to Amended and Restated Mortgage and Security Agreement, dated as of October 15, 2011, that certain Second Supplement to Amended and Restated Mortgage and Security Agreement, dated as of October 12, 2016, and that certain Third Supplement to Amended and Restated Mortgage and Security Agreement, dated as of even date herewith, each between the Borrower as Mortgagor and the Payee as Mortgagee, as they may be further supplemented, amended, modified and restated from time to time ("Mortgage"). This Note is referred to in, and has been executed and delivered pursuant to, the Loan Agreement and under Section 3.01 of the Mortgage. This Note is a Note (as defined in the Mortgage) under the Mortgage secured *pari passu* and of equal priority with all other Notes (as defined in the Mortgage) issued under the Mortgage regardless of the date or time of issuance.

This Note is guaranteed by Blue Mountain Energy, Inc. ("Guarantor") under an Amended and Restated Secured Guaranty, dated as of October 12, 2016 ("Guaranty"). The Guarantor's obligations under the Guaranty are secured by that certain Amended and Restated Mortgage and Security Agreement, dated as of December 16, 2005, as supplemented and amended by that certain Supplement to Amended and Restated Mortgage and Security Agreement, dated as of October 15, 2011 and that certain Second Supplement to Amended and Restated Mortgage and Security Agreement, dated as of October 12, 2016, each between the Guarantor as Mortgagor,

the Payee as Mortgagee and the Borrower, as they may be further supplemented, amended, modified and restated from time to time.

The principal hereof and interest accrued thereon and any other amount due under the Loan Agreement may be declared to be forthwith due and payable in the manner, upon the conditions, and with the effect provided in the Mortgage or the Loan Agreement.

The Borrower waives demand, presentment for payment, notice of dishonor, protest, notice of protest, and notice of non-payment of this Note.

IN WITNESS WHEREOF the Borrower has caused this Note to be signed in its corporate name and its corporate seal to be hereunto affixed and to be attested by its duly authorized officers, all as of the day and year first above written.

DESERET GENERATION &
TRANSMISSION CO-OPERATIVE

(SEAL)

By: _____

Title: _____

Attest: _____
Secretary

Loan No. UT021-I-9033

EXHIBIT “B”

**FIRST AMENDMENT TO THIRD
AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT**

FIRST AMENDMENT TO THIRD AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT, (the "Amendment") dated as of _____, by and among **DESERET GENERATION & TRANSMISSION CO-OPERATIVE ("Borrower" or "Applicant")**, a non-profit corporation organized and existing under the laws of the State of Utah, **BLUE MOUNTAIN ENERGY, INC. ("BME" or "Guarantor")** a corporation organized and existing under the laws of the State of Wyoming, and **NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION ("CFC")**, a cooperative association organized and existing under the laws of the District of Columbia.

RECITALS

WHEREAS, the Borrower, BME and CFC are parties to that certain Third Amended and Restated Revolving Credit Agreement, dated as of October 12, 2016 (the "Original Agreement"), providing for a revolving loan to be made available to Borrower by CFC in the aggregate principal amount of Twenty Million and 00/100 Dollars (\$20,000,000.00) (the "Line of Credit"); and

WHEREAS, the Borrower has requested, and CFC has agreed to, an extension of the maturity date of the Line of Credit;

NOW, THEREFORE, for and in consideration of the foregoing, and in further consideration of the premises and the mutual covenants herein contained, the parties hereby amend the Original Agreement, agree and bind themselves as follows:

Section 1. Recitals. The foregoing recitals are incorporated herein by reference.

Section 2. Definitions. For purposes of this Amendment, the following capitalized terms shall have the following meanings (such definitions to be equally applicable to the singular and the plural form thereof). Capitalized terms that are not defined herein shall have the meanings assigned to them as set forth in the Original Agreement.

"Substitute Note" shall mean the Substitute Amended and Restated Secured Promissory Note, payable to the order of CFC, in the aggregate principal amount of \$20,000,000.00, executed by Borrower, dated as of even date herewith, pursuant to this Amendment, as identified on Schedule 1 hereto, as it may be amended, restated, modified, substituted or replaced from time to time.

"Supplement" shall mean the Third Supplement to Amended and Restated Mortgage by and between Borrower, as Mortgagor and CFC, as Mortgagee, dated as of even date herewith, as it may be supplemented, amended, consolidated, or restated from time to time

Section 3. Amendment.

A. The term "Commitment Period" and its corresponding definition set forth in Section 1.01 of the Original Agreement are hereby deleted in their entirety and are replaced with the following:

"Commitment Period" shall mean the period beginning on the Effective Date and ending on November 30, 2018. Notwithstanding the foregoing, if Borrower is subject

to an order from a Governmental Authority limiting the term of the Line of Credit, then the Commitment Period shall end on such earlier date specified in such order, and this Agreement shall not automatically renew unless permitted by such order or unless Borrower obtains additional authority for any renewal period.

B. Items 7 and 8 on Schedule 1 of the Original Agreement are hereby deleted in their entirety and are replaced with the following

7. The Amended Guaranty Note referred to in Section 1.01 is as follows:

AMENDED GUARANTY NOTE	
Amended Note	Note Date
Amended and Restated Secured Guaranty Note	October 12, 2016

8. The Amended Note referred to in Section 1.01 is as follows:

AMENDED NOTE		
Amended Note	Amount	Note Date
Substitute Amended and Restated Secured Promissory Note (UT021-I-9033)	\$20,000,000.00	Even Date Herewith

Section 4. Conditions to Amendment. In addition to the conditions set forth in the Original Agreement, the obligation of CFC to enter into this Amendment is subject to the satisfaction of the following conditions:

4.1. Borrower Documents. CFC shall have been furnished with (i) an executed original of this Amendment, the Substitute Note and the Supplement, (ii) certified copies of all such organizational documents and proceedings of the Borrower authorizing the transactions hereby contemplated as CFC shall require, and (iii) an opinion of counsel of the Borrower, in form and substance reasonably satisfactory to CFC, addressing such matters as CFC shall reasonably require.

4.2. Government Approvals. The Borrower shall have furnished to CFC true and correct copies of all certificates, authorizations and consents necessary for the execution, delivery and performance by the Borrower of this Amendment.

4.3 Supplement. The Supplement shall have been duly filed, recorded or indexed in all jurisdictions that the Mortgage was filed (and in any other jurisdiction that CFC shall have reasonably requested), in accordance with all applicable laws, rules and regulations, and Borrower shall have paid all applicable taxes, recording and filing fees and caused satisfactory evidence thereof to be furnished to CFC.

Section 5. Promise to Pay. The Borrower hereby unconditionally promises and agrees to pay, as and when due, interest on all amounts advanced under the Line of Credit from the date of each Advance and to repay all amounts advanced under the Original Agreement, as amended hereby, with interest thereon as provided in the Original Agreement, as amended hereby.

Section 6. Effectiveness of Amendment. This Amendment and the terms hereof shall be effective on the date the Borrower has fulfilled the conditions set forth in Section 4 hereof.

Section 7. Representations and Warranties. As a further inducement for CFC to enter into this Amendment, the Borrower represents and warrants that:

7.1 Authority. The execution, delivery and performance by the Borrower of this Amendment, the Substitute Note and the Supplement and the performance hereof and thereof have been duly authorized by all necessary corporate action and will not violate any provision of law or of the articles of incorporation or bylaws of the Borrower, or result in a breach of, or constitute a default under, any agreement, indenture or other instrument to which the Borrower is a party or by which it may be bound. The individual executing this Amendment, the Substitute Note and the Supplement has been duly authorized to act on behalf of the Borrower and has the requisite authority to bind the Borrower to the terms hereof and thereof without further action of, and without obtaining any additional approvals from, the Borrower's governing body or any other person or entity.

7.2 Material Adverse Change. There has been no material adverse change in the financial condition or operations of the Borrower since the date of the Original Agreement, except as set forth in the most recent financial statements submitted to CFC or as otherwise disclosed in writing to CFC prior to the date hereof.

7.3 REQUIRED APPROVALS. NO LICENSE, CONSENT OR APPROVAL OF ANY GOVERNMENTAL AUTHORITY IS REQUIRED TO ENABLE THE BORROWER TO ENTER INTO THIS AMENDMENT, THE SUBSTITUTE NOTE AND THE SUPPLEMENT OR TO PERFORM ANY OF THE OBLIGATIONS PROVIDED FOR HEREIN, EXCEPT AS HAVE BEEN OBTAINED BY THE BORROWER AND DELIVERED TO CFC PRIOR TO THE DATE HEREOF.

7.4 Prior Representations and Warranties. All representations and warranties made by the Borrower in the Original Agreement are true and correct as of the date hereof.

Section 8. Miscellaneous.

8.1 Modification. No modification or waiver of any provision of this Amendment, and no consent to any departure by Borrower therefrom, shall in any event be effective unless the same shall be in writing by the party granting such modification, waiver or consent.

8.2 Merger and Integration. This Amendment, the Original Agreement and the matters incorporated by reference contain the entire agreement of the parties hereto with respect to the matters covered and the transactions contemplated hereby.

8.3 Incorporation; Inconsistency with Original Agreement. Except as otherwise amended or modified herein, the terms, conditions and provisions of the Original Agreement are incorporated herein by reference as if set forth in full herein and remain in full force and effect. In the event of any conflict or inconsistency between the terms of this Amendment and the Original Agreement, the terms of this Amendment shall control. Nothing in this Amendment shall, however, eliminate or modify any special condition, special affirmative covenant or special negative covenant, if any, specified in the Original Agreement.

8.4 GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL.

(A) THE PERFORMANCE AND CONSTRUCTION OF THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF VIRGINIA.

(B) THE BORROWER HEREBY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES COURTS LOCATED IN VIRGINIA AND OF ANY STATE COURT SO LOCATED FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AMENDMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. THE BORROWER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTIONS THAT IT MAY NOW OR HEREAFTER HAVE TO THE ESTABLISHING OF THE VENUE OF ANY SUCH PROCEEDINGS BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(C) THE BORROWER AND CFC EACH HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AMENDMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the day and year first above written.

DESERET GENERATION & TRANSMISSION
CO-OPERATIVE

(SEAL)

By: _____

Title: _____

Attest: _____

Title: _____

BLUE MOUNTAIN ENERGY, INC.

(SEAL)

By: _____

Title: _____

Attest: _____

Title: _____

NATIONAL RURAL UTILITIES COOPERATIVE
FINANCE CORPORATION

(SEAL)

By: _____

Assistant Secretary-Treasurer

Attest: _____

Assistant Secretary-Treasurer

Loan Number: UT021-I-9033

EXHIBIT “C”

When Recorded, Mail to:
David F. Crabtree
10714 South Jordan Gateway, Suite 300
South Jordan, UT 84095

**THIRD SUPPLEMENT AND AMENDMENT
TO AMENDED AND RESTATED MORTGAGE
AND
SECURITY AGREEMENT**

Made By and Between

DESERET GENERATION AND TRANSMISSION CO-OPERATIVE

Mortgagor

and

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION

Mortgagee

Dated as of _____, 2017

THIS INSTRUMENT GRANTS A SECURITY INTEREST IN A TRANSMITTING UTILITY.

THIS INSTRUMENT CONTAINS FUTURE ADVANCE PROVISIONS MADE BY THE MORTGAGEE TO THE MORTGAGOR AND FUTURE OBLIGATIONS OF THE MORTGAGOR TO THE MORTGAGEE.

THIS INSTRUMENT CONTAINS AFTER-ACQUIRED PROPERTY PROVISIONS.

MORTGAGOR'S ORGANIZATIONAL IDENTIFICATION NUMBER IS: 697952-0140

THIS INSTRUMENT WAS DRAFTED BY JAMES JABLONSKI, SENIOR CORPORATE COUNSEL OF NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION 20701 COOPERATIVE WAY, DULLES, VIRGINIA 20166.

MORTGAGEE'S TELEPHONE NUMBER IS 1-800-424-2954

CFC MORTG
UT021-I-9033(JABLONJ)
218818-1 dfc

THIS THIRD SUPPLEMENT AND AMENDMENT TO AMENDED AND RESTATED MORTGAGE AND SECURITY AGREEMENT, is dated as of _____ ("Supplement"), is made by and between DESERET GENERATION AND TRANSMISSION CO-OPERATIVE a cooperative association existing under the laws of the State of Utah (hereinafter called the "Mortgagor") and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION (hereinafter called "CFC" or the "Mortgagee"), a corporation organized and existing under the laws of the District of Columbia.

WHEREAS, the Mortgagor and CFC are parties to the Amended and Restated Mortgage and Security Agreement, dated as of December 16, 2005 as supplemented by the Supplement to Amended and Restated Mortgage and Security Agreement, dated as of October 15, 2011 and the Second Supplement to Amended and Restated Mortgage and Security Agreement, dated as of October 12, 2016 (collectively, the "Original Mortgage"), encumbering certain property and being recorded as described on **Appendix A** attached hereto;

WHEREAS, the Mortgagor has heretofore borrowed funds from the Mortgagee pursuant to a Third Amended and Restated Revolving Credit Agreement, dated as of October 12, 2016, in the original principal amount of \$20,000,000.00 (the "Line of Credit"), has duly authorized, executed and delivered to CFC the Amended and Restated Secured Promissory Note, dated as of October 12, 2016, in the aggregate principal amount of \$20,000,000.00 (the "LOC Note") and has secured the LOC Note and the Line of Credit by the Original Mortgage;

WHEREAS, the Mortgagor has requested, and Mortgagee has agreed, to extend the term of the Line of Credit pursuant to a First Amendment to Third Amended and Restated Revolving Credit Agreement (hereinafter called the "Amendment"), dated as of even date herewith and has accordingly duly authorized, executed and delivered to CFC the Amendment and the Substitute Amended and Restated Secured Promissory Note, dated as of even date herewith, in the aggregate principal amount of \$20,000,000.00 (as further identified in Section 2 hereof, the "Current Note") to be secured by the Original Mortgage, as amended and supplemented hereby;

WHEREAS, the Mortgagor, for value received, has heretofore duly authorized and executed, and has delivered to CFC, or has assumed the payment of, certain mortgage notes, all payable to the order of CFC, in installments, of which certain mortgage note or notes (hereinafter collectively called the "Existing Notes") are now outstanding and owned by CFC and are secured by the Original Mortgage;

WHEREAS, it was the intention of the Mortgagor at the time of the execution of the Original Mortgage (or, if the Original Mortgage consists of more than one instrument, at the time of the execution of the earliest instrument thereof) that the property of the Mortgagor of the classes described therein, as being mortgaged or pledged thereby, or intended so to be, whether then owned or thereafter acquired, would secure certain notes of the Mortgagor executed and delivered prior to the execution and delivery of the Original Mortgage (or, if the Original Mortgage consists of more than one instrument, prior to the execution and delivery of the earliest instrument thereof), and certain Notes of the Mortgagor when and as executed and delivered under and pursuant to the Original Mortgage, as from time to time amended or supplemented, and it is intended by the Mortgagor to confirm hereby the Original Mortgage and the property therein described as being mortgaged or pledged, or intended so to be, as security for the Existing Notes and other Notes of the Mortgagor when and as executed and delivered under and pursuant to the Original Mortgage, as amended and supplemented hereby;

WHEREAS, it is further intended by the Mortgagor, at the request and with the consent of the Mortgagee, to amend the Original Mortgage in the respects hereinafter set forth;

WHEREAS, all acts, things, and conditions prescribed by law and by the articles of incorporation and bylaws of the Mortgagor have been duly performed and complied with to authorize the execution and delivery hereof and to make the Original Mortgage, as amended and supplemented hereby, a valid and binding mortgage to secure the Existing Notes and other notes of the Mortgagor when and as executed and delivered under and pursuant to the Original Mortgage, as amended and supplemented hereby; and

WHEREAS, the Mortgagor and the Mortgagee are authorized to enter into this Supplement.

NOW, THEREFORE, in consideration of the premises and the sum of \$5 in hand paid by the Mortgagee to the Mortgagor, the receipt whereof by the Mortgagor prior to the execution and delivery of this Supplement is hereby acknowledged, this Supplement witnesseth In order to secure the payment of the principal of and interest on and any other amount due under the Notes (including the Current Note), according to their tenor and effect, and further to secure the due performance of the covenants, agreements and provisions contained in the Original Mortgage as supplemented hereby and the Loan Agreements (including the Amendment and to declare the terms and conditions upon which the Notes are to be secured, the Mortgagor has executed and delivered this Supplement and has granted, bargained, sold, conveyed, warranted, assigned, transferred, mortgaged, pledged and set over, and by these presents does hereby grant, bargain, sell, convey, warrant, assign, transfer, mortgage, pledge and set over unto the Mortgagee, and the Mortgagor does hereby grant to the Mortgagee, and its assigns, all and singular the real and personal property described in the Original Mortgage as being mortgaged thereby and all and singular the real and personal property of the Mortgagor falling within the classes of property embraced in the description of the "Mortgaged Property" set forth in the Original Mortgage, including, without limitation, all and singular the real and personal property of said description heretofore or hereafter acquired by or constructed by or on behalf of the Mortgagor, and wheresoever situate, including, without limitation, the existing electric facilities identified and the real estate specifically described (by reference to deeds or otherwise) in Appendix B hereto (except such portions, if any, thereof as have been released prior to the execution and delivery of this Supplement),

Together with all rents, income, revenues, profits and benefits at any time derived, received or had from any and all of the above-described property of the Mortgagor,

BUT EXCLUDING THEREFROM any Excluded Property described in Annex "A" to the Amended and Restated Mortgage and Security Agreement, dated as of October 15, 2011 and/or Appendix "C" to the Second Supplement to Amended and Restated Mortgage and Security Agreement, dated as of October 12, 2016, and more fully described in Appendix "C" hereto.

Provided, however, that except as provided in Section 4.08 of the Original Mortgage, no automobiles, trucks, trailers, tractors or other vehicles (including without limitation aircraft or ships, if any) which are titled and/or registered in any state of the United States and owned or used by the

Mortgagor shall be included in the property mortgaged by the Original Mortgage and this Supplement.

TO HAVE AND TO HOLD the same forever, for the uses and purposes and upon the terms, conditions, provisos and agreements expressed and declared in the Original Mortgage, as amended and supplemented hereby.

FURTHERMORE, the parties hereto, in consideration of the mutual covenants contained herein, do agree as follows:

1. The Current Note shall mean the Substitute Amended and Restated Secured Promissory Note, dated as of even date herewith, in the aggregate principal amount of \$20,000,000.00, designated UT021-I-9033, as it may be amended, restated, modified, substituted or replaced from time to time.

2. **Equal and Ratable Priority.** The Existing Notes are hereby confirmed as Notes of the Mortgagor entitled to the security of the Mortgage, as amended and supplemented by this Supplement, and of the property by the Original Mortgage and this Supplement mortgaged and pledged, or intended so to be, equally and ratably with one another and with other notes (including the Current Note) of the Mortgagor when and as executed and delivered under and pursuant to the Original Mortgage, as amended and supplemented hereby, without preference, priority or distinction as to interest or principal (except as otherwise specifically provided in the Original Mortgage, as amended and supplemented hereby) or as to lien or otherwise, of any one of the Existing Notes or such other Notes over any other thereof and irrespective of the date of the execution, delivery or maturity thereof, or of the assignment or negotiation thereof or otherwise.

3. **Additional Notes.** The Current Note is executed and delivered pursuant to Section 3.01 of Article III of the Original Mortgage and is hereby included within the term "Additional Notes", "Notes", and "Revolving Credit Note" as defined in the Original Mortgage, as amended hereby. The Amendment, pursuant to which the Mortgagor has issued the Current Note, is hereby included within the term "Other Loan Agreements", as defined in the Original Mortgage, as amended hereby, together with any amendments or supplements thereto.

4. **Notices.** All demands, notices, reports, approvals, designations, or directions required or permitted to be given under the Original Mortgage, as amended hereby, shall be given as set forth in the Original Mortgage, as amended hereby.

5. **Mortgage Deemed Security Agreement.** To the extent that any of the property described or referred to in this Supplement is governed by the provisions of the Uniform Commercial Code, this Supplement is hereby deemed a "security agreement" a "financing statement" and a "fixture filing" under the Uniform Commercial Code.

6. **Mortgage Terms.** All of the terms, provisions and covenants of the Original Mortgage, except as expressly modified hereby, shall be and remain in full force and effect.

7. **Partial Invalidity.** The invalidity of any one or more phrases, clauses, sentences, paragraphs or provisions of this Supplement shall not affect the validity of the remaining portions hereof.

8. Counterparts. This Supplement may be simultaneously executed in any number of counterparts, and all of said counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

9. Governing Law. This Supplement shall be governed by, and construed according to, the laws of the State of Utah, except to the extent governed by federal law or the Uniform Commercial Code of the state of the Mortgagor's location, **PROVIDED, HOWEVER**, the creation, perfection, validity and enforcement of liens against real property located in the State of Colorado, including the exercise of the power of sale to the extent allowed under the laws of the State of Colorado, shall be governed by and construed in accordance with the laws of the State of Colorado.

IN WITNESS WHEREOF, DESERET GENERATION AND TRANSMISSION CO-OPERATIVE as Mortgagor, has caused this Supplement to be signed in its name and its corporate seal to be hereunto affixed and attested by its officers thereunto duly authorized, and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, as Mortgagee, has caused this Supplement to be signed in its name and its corporate seal to be hereunto affixed and attested by its officers thereunto duly authorized, as of the day and year first above written.

[EXECUTED ON THE FOLLOWING PAGES]

DESERET GENERATION AND TRANSMISSION
CO-OPERATIVE

By: _____

Its: _____

(Seal)

Attest: _____

Its: _____ Secretary

Executed by the Mortgagor in
the presence of:

Witnesses

STATE OF UTAH)
COUNTY OF SALT LAKE)

On this ____ day of _____, 2017, before me appeared
_____ and _____
personally known, by me and having been duly sworn by me, did say that they are the
_____ and _____, respectively, of DESERET GENERATION AND
TRANSMISSION CO-OPERATIVE, a Utah corporation, and that the seal affixed to the foregoing
instrument is the corporate seal of said corporation, and that said instrument was signed and
sealed in behalf of said corporation by authority of its Board of Directors, and said
_____ and _____ acknowledged that the
execution of said instrument was a free act and deed of said corporation.

IN WITNESS whereof, I have hereunto set my hand and official seal the day and year
last above written.

(Notarial Seal)

Notary Public

My commission expires:

(SEAL)

By: _____
Assistant Secretary-Treasurer

Attest: _____
Assistant Secretary - Treasurer

Executed by the Mortgagee
in the presence of:

Witnesses

COMMONWEALTH OF VIRGINIA)
) SS
COUNTY OF LOUDOUN)

The foregoing instrument was acknowledged before me this ____ day of _____, _____ by _____, Assistant Secretary-Treasurer of National Rural Utilities Cooperative Finance Corporation, a District of Columbia cooperative association, on behalf of the association.

Notary Public

Notary Seal

Notary registration number: _____

My commission expires: _____

Appendix A

1. The Original Mortgage as described in the first WHEREAS clause above is recorded as follows:
 - A) Amended and Restated Mortgage and Security Agreement:
 - (i) County of Carbon in the State of Utah as Entry No. 114963 on December 20, 2005.
 - (ii) County of Duchesne in the State of Utah as Entry No. 382346 on December 20, 2005.
 - (iii) County of Emery in the State of Utah as Entry No. 373086 on December 20, 2005.
 - (iv) County of Juab in the State of Utah as Entry No. 00241269 on December 22, 2005.
 - (v) County of Salt Lake in the State of Utah as Entry No. 9589622 on December 22, 2005.
 - (vi) County of Sanpete in the State of Utah as Entry No. 131553 on December 20, 2005.
 - (vii) County of Uintah in the State of Utah as Entry No. 2005010890 on December 20, 2005.
 - (viii) County of Utah in the State of Utah as Entry No. 147544:2005 on December 21, 2005.
 - (ix) County of Wasatch in the State of Utah as Entry No. 294043 on December 20, 2005.
 - (x) County of Moffat in the State of Colorado as Reception No. 2005-L-6906 on December 21, 2005.
 - (xi) County of Rio Blanco in the State of Colorado as Reception No. 283576 on December 21, 2005.
 - B) Supplement to Amended and Restated Mortgage and Security Agreement:
 - (i) County of Carbon in the State of Utah as Entry No. 812788 in Book No. 758 on Page No. 168 on November 10, 2011.
 - (ii) County of Duchesne in the State of Utah as Entry No. 439838 in Book No. A631 on Page No. 40 on November 9, 2011.

- (iii) County of Emery in the State of Utah as Entry No. 401100, Page Nos. 1 - 154 on November 10, 2011.
- (iv) County of Juab in the State of Utah as Entry No. 00266985 in Book No. 0547 on Page No. 0243 on November 10, 2011.
- (v) County of Salt Lake in the State of Utah as Entry No. 11277029 in Book No. 9965 on Page No. 5659-5812 on November 9, 2011.
- (vi) County of Sanpete in the State of Utah as Entry No. 180229 in Book No. 623 on Page No. 793 on November 10, 2011.
- (vii) County of Uintah in the State of Utah as Entry No. 2011008093 in Book No. 1254 on Page No. 164-317 on November 10, 2011.
- (viii) County of Utah in the State of Utah as Entry No. 81222:2011, Page Nos. 1 - 154 on November 10, 2011.
- (ix) County of Wasatch in the State of Utah as Entry No. 373867 in Book No. 1044 on Page No. 1225-1378 on November 9, 2011.
- (x) County of Moffat in the State of Colorado as Reception No. 20116867, Page Nos. 1 - 154 on November 10, 2011.
- (xi) County of Rio Blanco in the State of Colorado as Document No. 302568, Page Nos. 1 - 154 on November 10, 2011.

C) Second Supplement to Amended and Restated Mortgage and Security Agreement:

- (i) County of Carbon in the State of Utah as Entry No. 834187 in Book No. 872 on Pages 626-781 on October 13, 2016.
- (ii) County of Duchesne in the State of Utah as Entry No. 498039 on Pages 1-156 on October 13, 2016.
- (iii) County of Emery in the State of Utah as Entry No. 413449, Pages 1-156 on October 19, 2016.
- (iv) County of Juab in the State of Utah as Entry No. 00282516 in Book No. 0572 on Pages 1507-1662 on October 24, 2016.
- (v) County of Salt Lake in the State of Utah as Entry No. 12392653 in Book No. 10489 on Pages 6287-6442 on October 19, 2016.
- (vi) County of Sanpete in the State of Utah as Entry No. 215424 in Book No. 700 on Pages 1300-1455 on October 14, 2016.

- (vii) County of Uintah in the State of Utah as Entry No. 2016007169 in Book No. 1490 on pages 682-837 on October 18, 2016.
- (viii) County of Utah in the State of Utah as Entry No. 104179:2016, Pages 1 – 156 on October 18, 2016.
- (ix) County of Wasatch in the State of Utah as Entry No. 430226 in Book No. 1172 on Pages 1642-1797 on October 19, 2016.
- (x) County of Moffat in the State of Colorado as Reception #20162854 on Pages 1 - 156 on October 18, 2016.
- (xi) County of Rio Blanco in the State of Colorado as Document No. 3133457, Pages 1 – 156 on October 20, 2016.

Appendix B

The property referred to in the Granting Clause includes the following:

(See Attachment)

Appendix C

Excluded Property

In accordance with the provision of Section 2.03 of the Original Mortgage, this Mortgage does not encumber nor create any lien upon any Excluded Property described in Annex "A" to the Amended and Restated Mortgage and Security Agreement, dated as of October 15, 2011 and/or Appendix "C" to the Second Supplement to Amended and Restated Mortgage and Security Agreement, dated as of October 12, 2016, to wit:

[Copy of Excluded Property Description from Previous Mortgage Instruments]