

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of)	<u>DOCKET NO.</u>
Deseret Generation & Transmission)	
Co-operative for Authority to Issue)	Proposed Form of
Securities in the Form of an Extended)	<u>REPORT AND ORDER</u>
Line of Credit)	
)	

By the Commission:

On September ___, 2017, Applicant Deseret Generation & Transmission Co-operative (“Deseret”) filed an application seeking authority pursuant to Utah Code Ann. §54-4-31 to issue certain securities in the form of a Substitute Amended Secured Promissory Note in the amount of up to \$20,000,000.00, related to an extended and amended revolving line of credit (the “2017 Credit Line”) for working capital financing. Applicant requested Informal Adjudication of the Application under R746-110, Rules of the Public Service Commission, and represented that the matter was anticipated to be unopposed and uncontested. Finally, Applicant requested a waiver by the Commission of the 20-day tentative period under R746-110-2 for good cause shown on the basis that the Supplemental Credit Line, in order to provide maximum protection and flexibility to Deseret, must be final and fully enforceable in full force and effect at all times without being subject to any appeal or protests.

Applicant has submitted copies of the relevant documents, certified and verified pursuant to the Verified Application, and other information to establish the facts pertinent to the Application.

FINDINGS OF FACT

1. In October, 1996, Deseret entered into a comprehensive financial restructuring involving secured creditors who, at that time, agreed to a long-term financial forbearance and, together with other major creditors in December 1998, finalized a substantially permanent financial recapitalization of the Company. As part of the 1996 Restructuring, as incorporated into and made a part of the 1998 Recapitalization, Deseret entered into a \$20 million line of credit (the “Line of Credit”) with the National Rural Utilities Cooperative Finance Corporation (“CFC”) which can be used for debt service and general corporate purposes. The Commission gave Deseret authorization to enter into and to secure the Existing Line of Credit pursuant to its Report and Order dated July 3, 1996 in Docket No. 96-506-01. The Line of Credit was further amended and extended, and restated as approved and authorized pursuant to the Commission’s Report and Order dated January 18, 2002, in Docket No. 01-506-0; its Report and Order dated October 12, 2007 in Docket No. 07-506-01; its Report and Order dated March 14, 2011 in Docket No. 10-506-01; and its Report and Order dated October 7, 2016 in Docket No. 16-506-01. Deseret has not drawn on the Line of Credit to date.

2. Applicant has negotiated the terms of the 2017 Credit Line with CFC as an extension to the Line of Credit, to provide for potential working capital financing resource for its liquidity needs if and as such needs may arise. The 2017 Credit Line will be secured by the lien of an existing mortgage from Deseret to CFC

4. Applicant has represented that the proposed 2017 Credit Line represents an appropriate means available to Deseret to maintain a necessary financial working capital source(s) in the event of liquidity needs for debt service or ongoing operations to address certain

potential and/or unforeseen eventualities. The 2017 Credit Line was approved by Deseret's Board of Trustees at a regularly scheduled meeting of the board on September 20, 2017.

CONCLUSIONS OF LAW

1. The Applicant is a public utility subject to the jurisdiction of this Commission.
2. All legal and factual prerequisites and requirements for the issuance of this Order have been satisfied.
3. Execution of the 2017 Credit Line by Applicant as described herein is in the public interest.
4. Participation by Applicant in the proposed 2017 Credit Line, including the proposed issuance and/or renewal of securities and security interest in connection therewith is (i) for lawful and proper purposes; (ii) within Applicant's corporate powers; (iii) consistent with the public interest, sound financial practices and the proper performance of Applicant's public service; and (iv) designed to enhance and not impair Applicant's ability to perform its public service.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED AS FOLLOWS:

1. Deseret is hereby authorized to secure a First Amendment to Third Amended and Restated Revolving Line of Credit from the National Rural Utility Cooperative Finance Corporation in the amount of up to \$20,000,000 and to provide security interests to secure repayment of the same, all under the terms and conditions generally as described in this Report and Order.
2. Applicant is hereby authorized to execute and deliver such documents and take

such actions as may be reasonably necessary or convenient to the completion of the Supplemental Credit Line.

3. Nothing in this Order shall be construed to obligate the State of Utah to pay or guarantee in any manner whatsoever any securities authorized, issued, assumed, or guaranteed hereunder.

4. For good cause shown, the 20 day tentative period under R746-110-2 is hereby waived.

DATED at Salt Lake City, Utah, this ____ day of _____, 2017.

Attest:

Commission Secretary