

APPENDIX "A"
TO
APPLICATION OF DIXIE ESCALANTE RURAL ASSOCIATION FOR
APPROVAL OF ACQUISITION OF ELECTRIC UTILITY
PLANT AND EQUIPMENT AND ADDITION
TO CERTIFICATE OF CONVENIENCE AND PUBLIC NECESSITY

SWORN STATEMENT OF LADEL LAUB IN
SUPPORT OF APPLICATION

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Attorney for Applicant Dixie Rural Electric Association

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Dixie)	Docket No.
Escalante Rural Electric Association)	
For Approval of Acquisition of Electric)	Sworn Statement of
Utility Plant and Equipment and)	LaDel Laub in
Addition to Certificate of Convenience)	Support of
And Necessity)	Application

The undersigned hereby submits this Sworn Statement in Support of the Application of Dixie Escalante Rural Electric Association ("DEREA") for Approval of Acquisition of Electric Utility Plant and Equipment and Addition to Certificate of Convenience and Necessity.

In support of the Application, the undersigned states as follows:

1. I am currently the Chief Executive Officer of DEREAA and have been employed in a managerial capacity with DEREAA for

over 20 years. I am also a member of the Board of Trustees of Deseret Generation & Transmission Co-operative.

2. As the CEO of DEREА, I am familiar with the facts described in the DEREА application.

3. I have read and hereby affirm the accuracy of the facts set forth in the DEREА application.

4. DEREА and Flowell entered into a Letter of Intent dated as of January 6, 1999 contemplating an eventual purchase of substantially all of the utility plant, equipment, and other used and useful assets of Flowell.

5. Since 1999, DEREА has provided extensive professional and other back office services to Flowell, and DEREА has become familiar with almost all aspects of Flowell's operational, engineering, planning and financial operations or condition.

6. DEREА is thoroughly familiar with the utility plant, operations, and services provided by Flowell to its members.

7. The acquisition of the Flowell system, and related transfer/assignment of contract rights, etc., has been approved by: unanimous consent of the governing boards of both DEREА and Flowell; by the affirmative vote of the membership of Flowell held in conjunction with a special membership meeting on October 7, 2020; by National Rural Utilities Cooperative Finance Corporation ("CFC") the secured creditor (lender) which holds the long-term

indebtedness of Flowell that will be assumed by DEREA as part of the acquisition; and by the Board of Trustees of Deseret, as the wholesale power and transmission provider for both DEREA and Flowell.

8. DEREA has made provision in its bylaws and the DEREA Board has otherwise directed that, once Closing occurs under the Flowell acquisition, the customers currently located in service territory served by Flowell will form a service district recognized by DEREA and entitled to a representative on the governing board of DEREA.

9. DEREA has also made provision and intends, once Closing of the Flowell acquisition occurs, to consult with knowledgeable individuals who have served in various policy and/or management positions with Flowell, on an additional consultative basis to ensure a smooth transition and integration of the newly acquired service territory.

10. The completion of the Acquisition will have beneficial effects to the member consumers of both Flowell and DEREA, some of which include:

- a. The Acquisition will result in customers currently served by Flowell continuing to receive electric service without interruption from DEREA,

which, by virtue of extensive knowledge and involvement in providing Flowell key services in recent years, will be ideally situated to provide a seamless continuation of services to those customers acquired in the transaction;

b. DEREА customers enjoy very affordable rates for electric services, and DEREА expects to continue to offer those attractive rates to the newly acquired customers of Flowell upon consummation of the Acquisition;

c. The Acquisition will relieve Flowell of further financial responsibility for debt that DEREА will assume as part of the transaction; this in turn will avoid what would otherwise have been an anticipated increase in retail electric rates to the current customers of Flowell. Flowell customers will see no increase in retail rates as a result of the Acquisition;

d. DEREА customers will likewise not receive any increase or material change in retail rates for electricity provided by DEREА as a result of the Acquisition. The Acquisition is anticipated to be financially beneficial to DEREА by allowing DEREА to

better accommodate, integrate, and optimize administrative and general expenditures, professional staff, among other benefits;

e. To bring the capital equity structure of the two entities in rough alignment prior to completing the acquisition, the governing board of DEREА has approved and authorized a capital credit retirement to the existing DEREА member customers to take place prior to Closing under the Flowell acquisition. Once this DEREА capital retirement takes place, and after consideration of the anticipated capital retirement/rotation payment that Flowell has discussed and intends to make to the existing Flowell customers prior to Closing, the forecasted net book debt-to-equity ratio of both entities is projected to be approximately 25%; thus, there will be no material adverse financial impact to the existing members/customers of either utility from the completion of the proposed acquisition;

f. DEREА projects that the debt/equity ratio of the cooperative, after completing the Flowell acquisition, will be reasonable and that DEREА will continue to enjoy a strong financial condition that

will support sustained, reliable, and attractive customer rates and charges for the combined customers of DEREA following the acquisition; and

g. DEREA has negotiated with Deseret, and Deseret has agreed that DEREA will be allowed an accommodation for a transition period following the Acquisition through December 31, 2026, during which DEREA will be allowed an additional representative on the governing board of Deseret to represent the interests of those customers among the newly acquired customer group previously served by Flowell.

11. I certify as true and accurate, to the best of my knowledge, the facts and statements set forth above, as well as those facts and statements in the Application and accompanying materials submitted therewith.

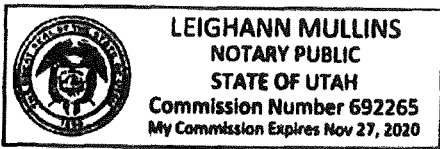
DATED this 26 day of October, 2020


LaDel Laub
CEO

STATE OF UTAH)
 : SS
COUNTY OF SALT LAKE)

On this 26 day of October, 2020, personally appeared before me LaDel Laub, proved on the basis of satisfactory evidence to be the person whose name is subscribed to this instrument, and acknowledged he executed the same.

Witness my hand and official seal.



Leighann Mullins
Notary Public

My Commission Expires:
11-27-2020