

EXHIBIT "C"
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

FLOWELL CERTIFICATE OF PUBLIC NECESSITY AND CONVENIENCE

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of)	
FLOWELL ELECTRIC ASSOCIATION,)	<u>CASE NO. 5634</u>
INC., for a Certificate of Convenience)	
and Necessity.)	<u>REPORT AND ORDER</u>
)	
)	Certificate of Convenience and Nec-
)	essity No. 1573

Submitted: July 11, 1966

Issued: October 4, 1966

Appearances:

Elliott Lee Pratt	For	Applicant
Robert B. Porter	"	Utah Power & Light Company Protestant

By the Commission:

On August 26, 1965, Flowell Electric Association, Inc., hereinafter referred to as "Flowell", filed with the Public Service Commission of Utah, its petition and application for a certificate of public convenience and necessity to operate as a public utility in electric service in an area in Millard County, which area is more particularly described in Exhibit "A" attached to said application. The matter was set for hearing on July 11, 1966, and said hearing was preceded by proper notice given by mail and by publication. Utah Power & Light Company filed a written protest to the granting of said application. During the course of the hearing said protest was withdrawn. The Commission now having considered the evidence and being fully advised in the premises, makes this report, containing its Findings of Fact and Conclusions, and its Order based thereon.

FINDINGS OF FACT

1. The petitioner, Flowell Electric Association, Inc. is a non-profit cooperative corporation of the State of Utah, having incorporated on May 13, 1943,

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to generate, manufacture, purchase, acquire and accumulate, as well as sell to its members, electric energy, and further, to transmit, distribute, furnish, sell and dispose of such electric energy to its members only. Prior to the hearing, Flowell amended its articles of incorporation to provide for service to members and consumers. Flowell is an electrical corporation and a public utility as those terms are defined in Chapter 2, Title 54, Utah Code Annotated, 1953, as amended by the 1965 Session of the Utah Legislature. As such, its operations and business are subject to the jurisdiction and regulation of this Commission.

2. The principal place of business of Flowell is at Fillmore, Utah.

Flowell serves an area in Millard County in the vicinity of the towns of Fillmore, Meadow, and Kanosh, but excludes therefrom the said towns, which own and operate their own electric distribution systems. The area which Flowell has been and is now serving is described as follows:

The South one-half of Township 20 South, Range 5 West, Salt Lake Meridian.

All of Township 21 South, Range 4 West, Salt Lake Meridian.

All of Township 21 South, Range 5 West, Salt Lake Meridian.

All of Township 21 South, Range 6 West, Salt Lake Meridian.

All of Township 22 South, Range 5 West, Salt Lake Meridian, except for one customer served by Utah Power & Light Company in Section 14.

All of Township 22 South, Range 6 West, Salt Lake Meridian.

All of Township 23 South, Range 5 West, Salt Lake Meridian.

All of Township 23 South, Range 6 West, Salt Lake Meridian.

Excepted are the areas embraced within the present corporate municipal boundaries of Fillmore, Meadow, and Kanosh, respectively, which are located within the above described townships.

3. Flowell was granted a franchise by Millard County on July 7, 1965, authorizing it to use the present and future roads, highways and public grounds in Millard County for a period of fifty years for the exercise of its duties as a public

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utility, which franchise is on file and in evidence in this case.

4. The inhabitants of the above-described area covered by this application are dependent upon Flowell for their electric service. No other electric public utility serves the area, with the particular exceptions described above, namely the towns of Fillmore, Meadow, and Kanosh, and a relay station served by Utah Power & Light Company.

5. The area described above is a reasonable area designation covering the existing system of Flowell, as well as the customers reasonably anticipated in the immediate future.

6. Flowell obtains its financing from the U. S. Government through the Rural Electrification Administration (REA) and is current in the repayment schedule required under the loan documents between Flowell and the REA. The balance sheet of Flowell as of May 31, 1966, indicates that it has long-term REA debt of \$347,606 and margins and equities of \$120,604. Section 54-4-25 of the 1953 Code, as amended by the 1965 Legislature, requires an electric utility applying for a certificate to serve others than the consumers which were being served by it on the effective date of such act, to have established a "ratio of debt capital to equity capital" which the Commission shall find renders the applicant financially stable. The foregoing figures show that Flowell has \$2.88 of debt for each \$1.00 of equity. Stated in a more conventional fashion, the total capitalization of \$468,210 consists of 74.24 per cent debt and 25.76 per cent equity. Flowell has made prepayments on its obligations to the REA in the sum of \$41,930, which is the equivalent of required payments for two years. Flowell has uncommitted loan funds available from REA of \$56,000. In addition, it has \$8,000 invested in REA 2 per cent bonds and \$40,000 in savings and loan time deposit accounts. Flowell is current in its payments of taxes assessed against it.

7. Flowell has a contract for the purchase of power from the Bureau of Reclamation and said source of power is adequate for service to the present area,

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and reasonable expansions therefrom. Applicant's system is in good repair and is capable of furnishing satisfactory electric power and light service to its present consumers, and such additional consumers as at this time can be reasonably anticipated, within the area covered by the application.

8. Based upon the foregoing data the Commission finds that Flowell's debt-equity ratio is reasonable and that Flowell is financially stable and that under the circumstances the financing of this applicant is in the public interest within its service area. The Commission finds, further, that there is a present and future need for Flowell to continue serving its members and consumers in the area described above and that public convenience and Necessity will be subserved thereby.

CONCLUSION

From the foregoing findings, the Commission concludes that Flowell Electric Association, Inc. should be granted a certificate of convenience and necessity as prayed for in the application for the area described above. Flowell Electric Association, Inc. in receiving said certificate shall be subject to the jurisdiction and regulation of the Public Service Commission of Utah.

ORDER

NOW THEREFORE, IT IS HEREBY ORDERED, That Flowell Electric Association, Inc., be, and is hereby granted Certificate of Convenience and Necessity No. 1573 to operate as an electric utility in the following described area in Millard County:

The South one-half of Township 20 South, Range 5 West, Salt Lake Meridian.

All of Township 21 South, Range 4 West, Salt Lake Meridian.

All of Township 21 South, Range 5 West, Salt Lake Meridian.

All of Township 21 South, Range 6 West, Salt Lake Meridian.

All of Township 22 South, Range 5 West, Salt Lake Meridian, except for one customer served by Utah Power & Light Company in Section 14.

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All of Township 22 South, Range 6 West, Salt Lake Meridian.

All of Township 23 South, Range 5 West, Salt Lake Meridian.

All of Township 23 South, Range 6 West, Salt Lake Meridian.

Excepted are the areas embraced within the present corporate municipal boundaries of Fillmore, Meadow, and Kanosh, respectively, which are located within the above described townships.

IT IS FURTHER ORDERED, That the electric service rendered by Flowell Electric Association, Inc. shall be in accordance with the rates, charges, rules and regulations on file with and approved by this Commission.

IT IS FURTHER ORDERED, That the certificate herein issued shall in no wise interfere with the right of Utah Power & Light Company to continue serving an existing customer in Section 14, Township 22 South, Range 5 West, Salt Lake Meridian, or to continue the operation of the transmission facilities now owned by it within the service area of Flowell Electric Association, Inc.

IT IS FURTHER ORDERED, That this Order shall be effective on and after the date hereof.

Dated at Salt Lake City, Utah, this 4th day of October, 1966.

/s/ Donald Hacking, Chairman

(SEAL)

/s/ Hal S. Bennett, Commissioner

/s/ D. Frank Wilkins, Commissioner

Attest:

/s/ C. R. Openshaw, Jr., Secretary

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

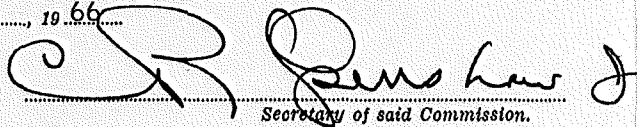
STATE OF UTAH }
County of Salt Lake } ss.

I hereby certify that the foregoing consisting of Five pages numbered 1 to 5 inclusive, is a true and correct copy of the original Report and Order, issued October 4, 1966, Case No. 5634, Flowell Electric Association, Inc.,

in the foregoing entitled matter or cause, now of record or on file in the office of the Public Service Commission of Utah.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Commission this.....

4th day of October, 1966


Secretary of said Commission.

