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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 Authority to Issue)	Verified Application
Securities in the form of Payroll)	For Authority to
Protection Program Loan Pursuant to)	Issue Securities
the Coronavirus Aid, Relief, and)	
Economic Security Act or the CARES Act)	

Applicant Deseret Generation & Transmission Co-operative ("Deseret" or "Applicant"), hereby applies for authority to issue securities in the form of one or more loan agreements, applications, and/or promissory note(s) in connection with a loan pursuant to the Coronavirus Aid, Relief, and Economic Security Act or the CARES Act ("CARES Act").

The amount of the promissory note(s) to be executed by Applicant is expected to be approximately \$2,557,584.00, as set forth at Tab ___ of the Appendix submitted with this Application.

Pursuant to R746-110, Rules of the Public Service Commission, Applicant hereby requests Informal Adjudication of this Application. Applicant represents that the matter is anticipated to be unopposed and uncontested. Submitted herewith is an Appendix that includes Sworn Statements from the Applicant, Certified Documents and other relevant information necessary to establish the facts pertinent to this Application.

In support of this Application, Applicant represents as follows:

Background.

1. Applicant 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. Since 1996, Deseret has operated pursuant to a long-term debt restructuring and forbearance arrangement with its secured creditors (as most recently amended and restated, the "Conformed Obligations Restructuring Agreement" or "CORA").

3. In response to the unprecedented COVID-19 emergency, the United States Congress enacted the CARES Act, providing,

among other things, the Paycheck Protection Program ("PPP") which authorizes forgivable government-guaranteed loans to small businesses to pay their employees during the COVID-19 crisis.

4. The PPP loan amounts will be forgiven and will not have to be repaid as long as:

- The loan proceeds are used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8-week period after the loan is made; and
- Employee and compensation levels are maintained.

5. Further details of the PPP loans are set forth in the fact sheet attached as Tab __ of the Appendix submitted with this Application.

Deseret's PPP Loan.

4. Deseret has already experienced dramatically reduced price(s) and demand for electric generation produced from ongoing operations, most likely attributable to the dramatic effect of the COVID-19 crisis. Deseret anticipates it will continue to experience depressed demand and price(s) for power and energy sold to electricity markets in the Western U.S. region, which Deseret normally relies upon to maintain stable, affordable rates and charges for its electricity provided to its member systems.

5. To help address and maintain stable operations during the COVID-19 emergency, and to ensure continued retention of employees

during the time Deseret experiences lower demand for electricity production, Deseret has been authorized by the unanimous approval of its Board of Trustees, representing each of Deseret's six distribution co-operative members, to apply for and procure the PPP Loan in the maximum amount of 2.5 times Deseret's average monthly payroll expenses as set forth pursuant to the CARES Act.

5. All proceeds of the PPP Loan will be used exclusively for permitted uses provided pursuant to the CARES Act, primarily including payroll and related qualifying employee compensation/benefits, qualifying utility expenses, mortgage and interest payments.

6. Deseret anticipates that, aided in part by virtue of the PPP Loan proceeds, it will retain and maintain approximately the equivalent average workforce through the period identified in the CARES Act to qualify for full or nearly full forgiveness of the PPP Loan amount.

7. All amounts due and owing for borrowed funds under the PPP Loan are expected to become due and payable two (2) years after the loan advance occurs.

8. The amounts borrowed under the PPP Loan will bear interest at the rate(s) set forth by the U.S. Treasury Department and/or the Small Business Administration in accordance with

regulations promulgated or guidance otherwise issued pursuant to the CARES Act.

9. Amounts borrowed under the PPP Loan may be repaid and/or prepaid at any time without penalty.

10. Amounts borrowed under the PPP Loan will be unsecured.

11. The PPP Loan has been approved by representatives of all six (6) distribution cooperative members of Deseret and Deseret has received the consent of its secured lender under the CORA to procure and borrow the full amount of the PPP Loan.

Public Interest

12. The PPP Loan will have no adverse risks or result in any additional remedies against Deseret under the CORA.

13. The PPP Loan is anticipated to be forgiven, without any tax consequence for loan forgiveness, and Deseret anticipates it will not be required to repay any material portion of the PPP Loan.

14. The amount borrowed under the PPP Loan will be used to stabilize rates for Deseret's wholesale power supply to its member system(s) during the pendency of the COVID-19 crisis. Deseret does not anticipate any changes to its member rates or charges as a consequence of the PPP Loan.

15. 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 Extended Line of Credit.

16. Applicant has determined that PPP Loan 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, will provide valuable stability to Applicant's workforce during the crisis, and will otherwise present opportunities to Deseret on terms that are advantageous to Deseret.

17. Pursuant to R746-110-2, Applicants request that the Commission determine the nature of any notice of this informal proceeding that may be appropriate. Applicants submit that adequate notice would be deemed adequate by Deseret's notice hereof to CFC as well as to each of Deseret's six (6) cooperative members.

Timing.

18. Applicant requests expedited and informal consideration of this Application on the grounds that the terms and conditions of the PPP Loan is intended to provide immediate, emergency relief during the ongoing COVID-19 crisis, has been reviewed by and approved by Deseret's governing board which represents all six (6) of Deseret's members, and amounts appropriated by Congress for such loan(s) may become oversubscribed as numerous small businesses make application for similar loans under the CARES Act.

19. Deseret desires to access the PPP Loan without delay. Accordingly, Applicant requests that a Report and Order be issued no later than April 15, 2020, to allow Deseret to execute the necessary securities, loan documentation, and promissory note(s) by April 16, 2020.

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

Requested Action

Wherefore, Applicant asks this Commission to issue an order approving and authorizing the issuance of securities by Deseret in the form of one or more promissory notes under the PPP Loan program as set forth in the CARES Act, in the amounts and for the purposes specified herein.

DATED this 3d day of April, 2020.

/s/ David F. Crabtree_____

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Co-operative

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Application was served by email this 3rd day of April, 2020 upon the following:

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/s/ Cami Reeder