

Phillip J. Russell (10445)
JAMES DODGE RUSSELL & STEPHENS, P.C.
10 West Broadway, Suite 400
Salt Lake City, UT 84101
Telephone: 801-363-6363
Email: prussell@jdrsllaw.com

Attorneys for Dixie-Escalante Rural Electric Association, Inc.

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Dixie-Escalante Rural Electric Association, Inc. for Authority to Issue Securities in the form of a Loan Agreement and Secured Promissory Note	DOCKET NO. 21-066-01
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VERIFIED APPLICATION FOR APPROVAL TO ISSUE SECURITIES

Applicant Dixie-Escalante Rural Electric Association, Inc. (“Dixie Power”) hereby applies to the Commission pursuant to Utah Code Ann. § 54-4-31 for an Order authorizing Dixie Power to: (i) issue securities in the form of a Loan Agreement (attached as Exhibit A) with a Secured Promissory Note (attached as Exhibit B) to the National Rural Utilities Cooperative Finance Corporation (“CFC”) in an amount up to \$20,000,000, the proceeds of which will be used primarily to help finance the construction of new transmission and distribution infrastructure, buildings and related facilities (collectively, the “Loan”), and (ii) enter into and deliver such other documents, agreements, and arrangements as may reasonably be necessary or incident to the Loan.

Dixie Power anticipates and represents that this matter is expected to be unopposed and uncontested. Pursuant to Rule R746-110-1 of the Utah Administrative Code, Dixie Power 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. Pursuant to R746-110-2, and for good cause shown, Dixie Power 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, Dixie Power further asks the Commission to determine that no additional public notice of this proceeding is required under R746-110-2.

In support of this Application, Dixie Power represents as follows:

General Background

1. Dixie Power is a rural electrical cooperative that provides electric services at retail to its members/owners in the States of Utah and Arizona.
2. Dixie Power is a public utility subject to the jurisdiction of this Commission under the laws of the State of Utah.

Loan

3. Population and load growth in southern Utah continue at a brisk pace. In 2020, Dixie Power added an average of approximately 136 new residential services each month, up from 120 per month in 2018. So far in 2021, Dixie Power has added an average of approximately 182 new services each month, with 249 in September alone. In order to accommodate past and expected future load growth, Dixie Power is in the midst of a capital-intensive program to add and replace necessary transmission, distribution and business infrastructure. An initial 10-year plan for 2021-2030 (attached as Exhibit D) contemplated a capital budget of approximately \$114 million. An updated 5-year plan for 2021-2025 (attached as Exhibit E) contemplated a capital budget of more than \$75 million. These budgets were primarily for transmission lines, substations

and other infrastructure necessary for Dixie Power to complete the 69kV transmission lines to the Dixie Springs and Sand Hollow areas; reconductoring the existing 138kV transmission line from PacifiCorp's St. George Substation to Dixie's Fort Pierce Substation; constructing new distribution substations and associated transmission taps to serve them; and one new and two remodeled buildings needed to properly service Dixie Power's members.

4. Dixie Power has met the capital requirements necessary to carry out portions of these above-referenced plans using funds previously borrowed from CFC (through the issuance of securities approved by this Commission), and intends to meet additional capital requirements, both for these plans and to meet growing load demands, through a combination of resources, including the unused balance available under Dixie Power's 2019 Loan, the balance of the Loan that is the subject of this Application, as well as through customer impact fees and general revenues from member rates.

Board Authorizations/Terms

5. At a duly-noticed and called meeting of the Board of Directors of Dixie Power held on November 3, 2021, the Board authorized Dixie Power to enter into the Loan and to execute the attached Loan documents. A true and correct copy of the Certificate of Resolutions and Incumbency authorizing the Loan ("Board Authorization") is attached hereto as Exhibit F. A true and correct copy of the board meeting minutes for the November 3, 2021 meeting is attached hereto as Exhibit G.

6. In accordance with the Board Authorization, but contingent upon Commission approval of this Application, Dixie Power has executed and proposes to deliver to CFC the

originals of the executed Loan Agreement, Secured Promissory Note, and Restated Mortgage and Security Agreement attached as Exhibits A, B, and C.

7. In 2019, Dixie Power entered into a Restated Mortgage and Security Agreement with CFC, a copy of which is attached hereto as Exhibit C. All of Dixie Power's loan obligations to CFC, including the Loan identified in this Application, will be secured by a lien against virtually all of Dixie Power's assets under the terms of the Restated Mortgage and Security Agreement.

9. Advances under the Loan will carry a term of no more than forty (40) years and will bear interest, at Dixie Power's option, at fixed rates available for similar loans based on CFC policies then in effect or at variable rates established by CFC for similar variable interest rate long-term loans established by CFC. Payments will be due quarterly.

Public Interest

10. The Board of Directors of Dixie Power has approved the Loan as in the best interests of Dixie Power and its members/ratepayers in order to finance the construction of prudent and needed transmission and distribution infrastructure, buildings and related facilities that are reasonably necessary for Dixie Power to continue to satisfy its obligation to provide its members with safe, affordable and reliable utility services, now and in the future.

11. Dixie Power has sufficient operating margins to service the additional debt represented by the Loan.


12. The proposed Loan is for lawful objects within Dixie Power's proper corporate purposes, is compatible with the public interest, is necessary or appropriate for or consistent with the proper performance by Dixie Power of its services as a public utility, and will not impair Dixie Power's ability to provide or perform those services.

Requested Time of Approval

13. Dixie Power respectfully requests a final Order from this Commission approving the issuance of the securities and related documents by Dixie Power as contemplated by the Loan as soon as reasonably convenient in order to meet CFC timing requirements. If feasible, Dixie Power respectfully requests an order within 30 days.

DATED this 9th day of November 2021.

Respectfully submitted

By: 

Phillip J. Russell
JAMES DODGE RUSSELL & STEPHENS, P.C.

Attorneys for Dixie-Escalante Rural Electric Association, Inc.

VERIFICATION

STATE OF UTAH)
) :SS
COUNTY OF Washington)

The undersigned, Chery Hulet, being first duly sworn upon oath, deposes and states that she is the Chief Financial Officer of Dixie-Escalante Rural Electric Association, Inc., the Applicant in this proceeding, that she 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 her knowledge, information and belief, the statements therein are all true and accurate.

/s/ Chery Hulet
Chery Hulet

Subscribed and sworn to before me this 9 day of November 2021.

[Seal]

/s/ Leighann Mullins
Notary Public



CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Application was served by email this 9th day of November 2021, upon the following:

Division of Public Utilities:

Chris Parker	chrisparker@utah.gov
Artie Powell	wpowell@utah.gov
Madison Galt	mgalt@utah.gov
Patricia Schmid	pschmid@agutah.gov
Justin Jetter	jjetter@agutah.gov
	dpudatarequest@utah.gov

Office of Consumer Services:

Michele Beck	mbeck@utah.gov
Alyson Anderson	akanderson@utah.gov
Bela Vastag	bvastag@utah.gov
Alex Ware	aware@utah.gov
Robert Moore	rmoore@agutah.gov
	ocs@utah.gov