

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

Application of Dixie-Escalante Rural Electric Association, Inc. for Authority to Issue Securities in the Form of a Loan Agreement and Secured Promissory Note	<u>DOCKET NO. 21-066-01</u>  <u>ORDER</u>
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ISSUED: December 2, 2021

On November 9, 2021, pursuant to Utah Code Ann. § 54-4-31, Dixie-Escalante Rural Electric Association, Inc. (“Dixie Power”) filed a verified application (“Application”) with the Public Service Commission of Utah (PSC) for approval to (1) issue securities in the form of a Loan Agreement with a Secured Promissory Note to the National Rural Utilities Cooperative Finance Corporation in an amount up to \$20,000,000, and (2) enter into agreements and arrangements and deliver documents reasonably necessary or incident to entering into the Loan Agreement (collectively, the “Loan Agreement”). Dixie Power states that its Board of Directors authorized it to enter into the Loan Agreement at a duly-noticed meeting on November 3, 2021. Dixie Power further requests informal adjudication of the Application, and a determination that no additional public notice of this proceeding is required, under Utah Admin. Code R746-110-1.

The Division of Public Utilities (DPU) filed comments on November 23, 2021 addressing the Application. Based on an analysis of Dixie Power’s Application, its audited financial reports from 2016 through 2020, and resolutions and minutes from its Board, DPU states that Dixie Power will be able to meet its obligations under the Loan Agreement. In reaching that determination, DPU comments that Dixie Power appears to have been financially stable for the past five years and has been able to meet its financial obligations, recently increased customer rates, and has the ability to raise future customer rates, if necessary, in order to meet its financial obligations. Furthermore, DPU comments that the terms and conditions of the Loan Agreement

appear to be in line with current market rates. Based on those factors, DPU recommends the PSC approve the Application. No other party filed comments addressing the Loan Agreement.

DISCUSSION, FINDINGS, AND CONCLUSIONS

Based on the PSC's review of Dixie Power's Application, the Loan Agreement, DPU's comments and recommendation, and the absence of any opposition, the PSC finds approving the Application is in the public interest. Dixie Power represents that it will use the proceeds of the proposed loan to help finance the construction of new transmission and distribution infrastructure, buildings, and related facilities. This investment is part of a capital-intensive program to add and replace necessary transmission, distribution, and business infrastructure to accommodate rapid load growth in Dixie Power's service territory. In addition, Dixie Power's Board approved the Loan Agreement, and, based on DPU's comments, is capable of meeting its financial obligations under the Loan Agreement and otherwise.

The PSC further finds that good cause exists for adjudicating this matter informally, that the Application satisfies the requirements for informal adjudication under Utah Admin. Code R746-110-1, and that Dixie Power has established good cause to waive the 20-day tentative period for issuing a final order.

ORDER

1. We convert this matter to an informal adjudication pursuant to Utah Admin. Code R746-110-1;
2. We approve Dixie Power's Application, effective December 2, 2021;
3. We waive the 20-day tentative period for good cause; this is a final order pursuant to Utah Admin. Code R746-110-2.

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DATED at Salt Lake City, Utah, December 2, 2021.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Gary L. Widerburg  
PSC Secretary  
DW#321390

Notice of Opportunity for Agency Review or Rehearing

Pursuant to §§ 63G-4-301 and 54-7-15 of the Utah Code, an aggrieved party may request agency review or rehearing of this Order by filing a written request with the Commission within 30 days after the issuance of this Order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the Commission does not grant a request for review or rehearing within 30 days after the filing of the request, it is deemed denied. Judicial review of the Commission's final agency action may be obtained by filing a petition for review with the Utah Supreme Court within 30 days after final agency action. Any petition for review must comply with the requirements of §§ 63G-4-401 and 63G-4-403 of the Utah Code and Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on December 2, 2021, a true and correct copy of the foregoing was delivered upon the following as indicated below:

By Email:

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