

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

Application of Deseret Generation & Transmission Co-Operative,	<u>DOCKET NOS. 22-506-01,</u>
Bridger Valley Electric Association,	<u>22-022-01,</u>
Dixie Power,	<u>22-066-01,</u>
Garkane Energy Cooperative, Inc.,	<u>22-028-01,</u>
Moon Lake Electric Association, Inc.,	<u>22-030-02, and</u>
and Mt. Wheeler Power, Inc. for Authority to Issue Securities Related to Acquisition of the Ft. Pierce Gas Facility	<u>22-031-02</u>
	<u>ORDER</u>

ISSUED: June 29, 2022

On June 9, 2022, pursuant to Utah Code Ann. § 54-4-31, Deseret Generation & Transmission Co-Operative (“Deseret”), Bridger Valley Electric Association (BVEA), Dixie Power (“Dixie”), Garkane Energy Cooperative, Inc. (“Garkane”), Moon Lake Electric Association, Inc. (“MLEA”), and Mt. Wheeler Power, Inc. (“MWP”) filed a verified application (“Application”) with the Public Service Commission of Utah (PSC) for approval to issue securities in the form of (1) the Ft. Pierce Loan Agreement between Deseret and the National Rural Utilities Cooperative Finance Corporation (“CFC”), (2) a Secured Promissory Note between Deseret and CFC, and (3) one or more Joint and Several Guaranty(ees) of Deseret’s payment obligations under the Loan Agreement and related Promissory Note executed by BVEA, Dixie, Garkane, MLEA, and MWP. These three items are collectively referred to as the “Loan Agreement.” Deseret, together with BVEA, Dixie, Garkane, MLEA, and MWP are referenced as “Applicants,” and Applicants excluding Deseret are referenced as the “Members.” The Applicants further request 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 PSC issued a Notice of Filing and Comment Period on June 15, 2022. The Division of Public Utilities (DPU) subsequently filed a Request for Extension of Time and submitted comments on June 24, 2022. No other party filed comments.

Deseret represents that the funding will finance the acquisition of the Ft. Pierce Generating Project¹ and access to the funds will begin July 1, 2022. As described, the Ft. Pierce Generating Project will provide an additional supply of electric power to meet peak system loads. Deseret states the Members participated in the development of the Loan Agreement and the Loan Agreement was approved at a duly noticed public meeting. Additionally, Deseret states the Loan Agreement is structured to avoid negative impacts on the position, rights, remedies, and risks of the Applicants. Deseret further states that it does not anticipate any changes in Member rates or charges as a result of the Loan Agreement.

DPU's comments filed on June 24, 2022 included a review of the Application, Loan Agreement, Certificate of Public Convenience and Necessity² and five years (2017-2021) of Deseret's audited financial statements. DPU asserts that Deseret's long-term debt decreased, its total current assets were consistent and net cash flow was strong for the five years reviewed. DPU also states Deseret's net income was volatile due, in part, to a large increase in maintenance expenses, and its capital structure changed from 61% debt and 39% equity to 47% debt and 53%

¹ *Application of Deseret Generation and Transmission Co-Operative for a Certificate of Public Convenience and Necessity Authorizing the Acquisition of Utility Electric Plant and Equipment*, Docket No. 21-506-02, Report and Order issued February 3, 2022.

² *Id.*

equity for the same five-year period. Based on the reviewed documents and past performance, DPU concludes that Deseret is able to meet its current and proposed financial obligations.

DISCUSSION, FINDINGS, AND CONCLUSIONS

The Applicants represent that the proceeds of the proposed loan provide the financial capital to acquire the Ft. Pierce Generating Project. In addition, the Members participated in the development of the Loan Agreement and Deseret's Board approved the Loan Agreement. Further, DPU concludes Deseret is capable of meeting its financial obligations under the Loan Agreement and otherwise. The Applicants comment that the acquisition was structured to avoid risks to the members while providing Deseret with additional peaking power. Based on the PSC's review of the Application, the Loan Agreement, DPU's comments and recommendation, and in the absence of any opposition, the PSC finds approving the Application is in the public interest. Additionally, the PSC concludes 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 the Applicants have 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 the Application, effective June 29, 2022; and
3. We waive the 20-day tentative period for good cause; this is a final order pursuant to Utah Admin. Code R746-110-2.

DATED at Salt Lake City, Utah, June 29, 2022.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Gary L. Widerburg

PSC Secretary

DW#324677

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 June 29, 2022, a true and correct copy of the foregoing was delivered upon the following as indicated below:

By Email:

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