

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

Application of Deseret Generation & Transmission Co-Operative,	<u>DOCKET NOS. 22-506-02,</u>
Bridger Valley Electric Association,	<u>22-022-02,</u>
Dixie Power,	<u>22-066-02,</u>
Garkane Energy Cooperative, Inc.,	<u>22-028-02,</u>
Moon Lake Electric Association, Inc.,	<u>22-030-03, and</u>
and Mt. Wheeler Power, Inc. for Authority to Issue Securities Related to Acquisition of the Bonanza Solar Facility	<u>22-031-03</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 (PSC) for approval to issue securities in the form of the following: (1) the Bonanza Solar Loan Agreement with the National Rural Utilities Cooperative Finance Corporation (“CFC”); (2) a Secured Promissory Note from Deseret to CFC; and (3) one or more Joint and Several Guaranty(ees) of payment obligations executed by BVEA, Dixie, Garkane, MLEA, and MWP. This order refers to these three items collectively as the “Loan Agreement” and to Deseret, BVEA, Dixie, Garkane, MLEA, and MWP as the “Applicants.” “Members” refers to the Applicants except Deseret.

The Applicants 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 the Loan Agreement will finance the acquisition of the Bonanza Solar Generating Project (“Project”). Deseret filed an application for a Certificate of Public Convenience and Necessity (CPCN)¹ on June 9, 2022 for the Project. The Project is designed to produce up to 15 MW of solar energy assisting Deseret in meeting its obligation to serve the Members’ electric load requirements. The Project is scheduled for service no later than December 31, 2022, in order for Deseret to qualify for investment tax credits to offset anticipated federal tax liabilities due to operations during the 2022 calendar year. 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, 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

¹ *Application of Deseret Generation and Transmission Co-Operative for a Certificate of Public Convenience and Necessity Authorizing the Acquisition of Electric Utility Plant and Equipment*, Docket No. 22-506-03.

and 39% equity to 47% debt and 53% 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. DPU recommends the PSC approve the Application.

DISCUSSION, FINDINGS, AND CONCLUSIONS

The Applicants represent the proceeds of the proposed loan are to finance a portion of the acquisition of the Bonanza Solar 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 represent the Loan Agreement was structured to avoid risk to the Members while meeting required electric load.

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; and
2. We approve the Application, effective June 29, 2022.

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#324679

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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