

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	<u>DOCKET NO. 23-506-01</u> <u>ORDER</u>
---	---

ISSUED: July 12, 2023

SYNOPSIS

The Public Service Commission (PSC) approves the application of Deseret Generation and Transmission Co-Operative (“Deseret”) for a Certificate of Public Convenience and Necessity (CPCN) authorizing Deseret to acquire up to 51 megawatts of electric generation provided from reciprocating engine generation sets fueled by natural gas (the “Bonanza Recip 1” or “Project”).

INTRODUCTION AND PROJECT DESCRIPTION

On May 30, 2023, Deseret filed an application (“Application”) pursuant to Utah Code Ann. § 54-4-25 seeking a CPCN to acquire up to 51 MW of electric generation provided from the Bonanza Recip 1 located adjacent to the Bonanza Power Plant. The Project consists of a natural gas pipeline and either 14 Caterpillar (Model CG260-16) 3.657 MW net output units or 22 Caterpillar (Model G3520H) 2.303 MW net output fast-starting units with an expected rated heat rate efficiency for the units of 8,926 btu/kwh or 8,800 btu/kwh, respectively. Deseret indicates it has received approval to finance the Project through National Rural Utilities Cooperative Finance Corporation with a long-term secured loan of 26.5 years. Deseret states it has received or is in the process of obtaining all required consents, permits, and other authorizations, and that it will not begin construction of the Project until it has received all the proper and

necessary permits to proceed. Deseret requests the PSC grant it a CPCN to construct the Project and such other authority and authorizations as may be necessary to facilitate construction of the Project as expeditiously as possible. Deseret further requests the PSC adjudicate the Application informally under Utah Admin. Code R746-1-104(1)(a) and R746-110-2 as the Application will likely be unopposed and uncontested.

On June 2, 2023, the PSC issued a Notice of Filing and Comment Period, setting a comment deadline of June 26, 2023. The Division of Public Utilities (DPU) filed comments on June 26, 2023. No other party submitted comments.

POSITIONS OF THE PARTIES

DPU recommends the PSC approve the Application and grant Deseret a CPCN for the Project. DPU states market conditions present a challenging situation for Deseret, and the Project is a viable option that will assist Deseret in diversifying its generation portfolio.

DPU notes the Application represents Deseret has obtained, is currently in the process of obtaining, or will obtain all required consents, authorizations, and permits and no existing public utility will be adversely affected by the construction of the Project. Further, DPU states Deseret has sufficient financial resources and an adequate capital structure to finance the Project's construction costs. Based on these

observations and its review of the Application, DPU believes the Project will likely provide financial benefits to Deseret and its customers.

In addition, DPU requests the PSC adjudicate the Application informally because it does not expect any objections or opposition to the filing based on the information Deseret submitted and the history of similar filings.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

The PSC finds the Application demonstrates Deseret is financially able to complete the acquisition of the Project, and Deseret made reasonable efforts to identify the Project as the least-cost, least-risk approach to meeting its service obligations. In addition, the PSC finds Deseret filed documentation containing sufficient information to support its Application. As Utah Code Ann. § 54-4-25 requires, Deseret represents (i) it has obtained or will obtain all necessary permits for constructing and operating the Project and (ii) the Project will not adversely affect the operations of any existing utility.

Accordingly, based on its review of the Application, DPU's comments and recommendations, and the findings in this Order, the PSC grants the Application and the CPCN Deseret requests.

The PSC further grants Deseret and DPU's requests the Application be informally adjudicated under Utah Admin. Code R746-1-104(1) and R746-110. The PSC further finds, given the challenging market conditions Deseret faces and the

absence of any opposition to the Application, good cause exists to waive the 20-day tentative period otherwise applicable under Utah Admin. Code R746-110-2.

ORDER

1. The PSC grants Deseret the CPCN attached as Exhibit A, incorporated by reference into this Order;
2. The PSC waives the 20-day tentative period described in Utah Admin. Code R746-110-2. This order is final.

DATED at Salt Lake City, Utah, July 12, 2023.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ John S. Harvey, Ph.D., Commissioner

Attest:

/s/ Gary L. Widerburg
PSC Secretary
DW#328780

Notice of Opportunity for Agency Review or Rehearing

Pursuant to Utah Code Ann. §§ 63G-4-301 and 54-7-15, a party may seek agency review or rehearing of this order by filing a request for review or rehearing with the PSC within 30 days after the issuance of the 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 PSC fails to grant a request for review or rehearing within 30 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the PSC'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 Utah Code Ann. §§ 63G-4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.

DOCKET NO. 23-506-01

- 6 -

EXHIBIT A

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

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	<u>DOCKET NO. 23-506-01</u> <u>CERTIFICATE 506B</u>
---	--

ISSUED: July 11, 2023

The Public Service Commission of Utah, pursuant to Utah Code Ann. § 54-4-25, issues a Certificate of Public Convenience and Necessity authorizing DESERET GENERATION AND TRANSMISSION CO-OPERATIVE ("Deseret") to acquire up to 51 megawatts of generation provided by reciprocating engines fueled by natural gas as described in Deseret's May 30, 2023 Application in the above referenced docket.

DATED at Salt Lake City, Utah, July 12, 2023.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ John S. Harvey, Ph.D., Commissioner

Attest:

/s/ Gary L. Widerburg
PSC Secretary

CERTIFICATE OF SERVICE

I CERTIFY that on July 12, 2023, a true and correct copy of the foregoing was served upon the following as indicated below:

By Email:

Phillip J. Russell (prussell@jdrslaw.com)
James Dodge Russell & Stephens, P.C
Jeff Peterson (jpeterson@deseretpower.com)
Deseret Power

Patricia Schmid (pschmid@agutah.gov)
Patrick Grecu (pgrecu@agutah.gov)
Robert Moore (rmoore@agutah.gov)
Assistant Utah Attorneys General

Madison Galt (mgalt@utah.gov)
Division of Public Utilities

Alyson Anderson (akanderson@utah.gov)
Bela Vastag (bvastag@utah.gov)
Alex Ware (aware@utah.gov)
Jacob Zachary (jzachary@utah.gov)
(ocs@utah.gov)
Office of Consumer Services

Administrative Assistant