

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

Application of Deseret Generation & Transmission Co-Operative,	<u>DOCKET NOS. 23-506-02,</u>
Bridger Valley Electric Association,	<u>23-022-02,</u>
Dixie Power,	<u>23-066-02,</u>
Garkane Energy Cooperative, Inc.,	<u>23-028-01,</u>
Moon Lake Electric Association, Inc.,	<u>23-030-01, and</u>
and Mt. Wheeler Power, Inc. for Authority to Issue Securities Related to Acquisition of Bonanza Recip 1	<u>23-031-01</u>
	<u>ORDER</u>

ISSUED: June 29, 2023

On May 30, 2023, pursuant to Utah Code Ann. § 54-4-31, Deseret Generation & Transmission Co-Operative (“Deseret”), joined by its member organizations: 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 joint verified application (“Application”) with the Public Service Commission of Utah (PSC) for approval to issue securities in the form of (1) the Bonanza Recip 1 Agreement with the National Rural Utilities Cooperative Finance Corporation (CFC), (2) a Secured Promissory Note from Deseret to CFC, (3) one or more Joint and Several Guaranty(ees) of payment obligations executed by the 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 the 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 2, 2023. The Division of Public Utilities (DPU) submitted comments on June 23, 2023. No other party filed comments.

Deseret represents that the Loan Agreement will finance the acquisition of the Bonanza Recip 1 Project (Project). Deseret filed an application for a Certificate of Public Convenience and Necessity (CPCN)¹ concurrently with this Application on May 30, 2023 for the Project. The Project is designed to produce up to 51 MW of energy and will assist Deseret meet its obligation to serve the Members’ electric load requirements. The Project is scheduled for service as soon as January 1, 2025. Deseret states the Members participated in the development of the Loan Agreement, and its Board of Trustees approved the terms of the Loan Agreement. 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 its Members “will support a fuel adjustment charge to the base wholesale tariffs.”²

¹ See *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. 23-506-01

² *Application of Deseret Generation & Transmission Co-Operative, Bridger Valley Electric Association, Dixie Power, Garkane Energy Cooperative, Inc., Moon Lake Electric Association, Inc., and Mt. Wheeler Power, Inc. for Authority to Issue Securities Related to Acquisition of the Bonanza Recip 1*, Docket No. 23-506-02

DPU's comments filed on June 23, 2023 included a review of the Application, Loan Agreement, and a summary of Deseret's 2020-2022 financial statements. DPU states that Deseret's Construction Work in Progress account increased 296.86% reflecting its investment in generating facilities to meet growing demand. Additionally, DPU states over the past three years Deseret's Total Liabilities and Total Patronage Equity increased 1.1% and 5.98%, respectively. DPU asserts that at the end of 2022, Deseret's long-term debt and equity are 44.76% and 55.24%, respectively. DPU concludes that Deseret can meet its current financial obligations and recommends the PSC approve the Applicants' request.

DISCUSSION, FINDINGS, AND CONCLUSIONS

The Applicants represent the proceeds of the proposed loan are to finance a portion of the acquisition of the Bonanza Recip 1 Project. In addition, the Members participated in the development of the Loan Agreement and Deseret's Board approved the Loan Agreement. The Applicants comment that the Loan Agreement was structured to avoid risk to the Members while providing Deseret with additional power to meet its electric load. DPU states Deseret can meet its financial obligations under the Loan Agreement and recommends the PSC approve the Application. 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

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requirements for informal adjudication under Utah Admin. Code R746-110-1, and 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, 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, 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#328609

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 written 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.

CERTIFICATE OF SERVICE

I CERTIFY that on June 29, 2023, a true and correct copy of the foregoing was served upon the following as indicated below:

By Email:

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