

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

Application of Deseret Generation & Transmission Co-Operative,	<u>DOCKET NOS. 24-506-02,</u>
Bridger Valley Electric Association,	<u>24-022-02,</u>
Dixie Power,	<u>24-066-01,</u>
Garkane Energy Cooperative, Inc.,	<u>24-028-01,</u>
Moon Lake Electric Association, Inc.,	<u>24-030-01, and</u>
and Mt. Wheeler Power, Inc. for Authority to Issue Securities Related to Installation of the Bonanza SCR	<u>24-031-01</u>
	<u>ORDER</u>

ISSUED: June 25, 2024

On May 23, 2024, pursuant to Utah Code Ann. § 54-4-31, Deseret Generation & Transmission Co-Operative (“Deseret”), Bridger Valley Electric Association (BVEA), Dixie-Escalante Rural Electric Association (“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 (1) a Loan Agreement (the “Bonanza SCR Agreement”) with the National Rural Utilities Cooperative Finance Corporation (“CFC”), (2) a Secured Promissory Note from Deseret to CFC (the “Promissory Note”), and (3) one or more Joint and Several Guaranty(ees) (the “Guarantees”) of payment obligations executed by BVEA, Dixie, Garkane, MLEA, and MWP. The Bonanza SCR Agreement, the Promissory Note, and the Guarantees are collectively referred to as the “Loan Agreement.” This Order

collectively refers to Deseret, BVEA, Dixie, Garkane, MLEA, and MWP as the “Applicants,” and it refers to the Applicants, excluding Deseret, 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 May 24, 2024. The Division of Public Utilities (DPU) submitted comments on May 30, 2024. No other party filed comments.

Deseret represents the Loan Agreement will finance the acquisition and installation of SCR¹ technology on Bonanza Unit 1 (the “Project”). The PSC previously granted Deseret a Certificate of Public Convenience and Necessity (CPCN) for the acquisition and installation of the SCR on Bonanza Unit 1.² Deseret states the Members participated in the development of the Loan Agreement, and its Board of Trustees (“Board”) approved its terms. Additionally, Deseret states the Loan Agreement is structured to avoid negative impacts on the positions, rights, remedies, and risks of the Applicants.

DPU filed comments on May 30, 2024, explaining it had reviewed the Application, Loan Agreement, Guarantees, Promissory Note, Deseret’s 2020-2023 financial statements, and the CPCN application. DPU states Deseret’s Total Revenue

¹ SCR is an abbreviation for “Selective Catalytic Reduction,” which is a means of reducing nitrogen oxide emissions.

² *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. 24-506-01, Order issued June 6, 2024.

and Operating Expenses have increased 6.93 percent and 5.45 percent, respectively. DPU states “[Deseret’s] Long-term Solvency ratios in 2023 remain strong and are close to historical averages. The profitability ratios for 2023 are close to historical averages.”³ DPU also states “Deseret has maintained its profitability and is able to meet its obligations” and notes Deseret has “increase[d] the return of patrons’ capital in each of the last 4 years.”⁴ DPU concludes Deseret is “generally [financially] healthy”⁵ and recommends the PSC approve the Application.

DISCUSSION, FINDINGS, AND CONCLUSIONS

The Applicants represent the proceeds of the proposed loan will finance a portion of the Project. In addition, the Members participated in the development of the Loan Agreement, and Deseret’s Board approved the Loan Agreement. The Applicants represent the Loan Agreement was structured to avoid risk to the Members while increasing the “level of certainty and stability to Deseret’s Bonanza Unit 1.”⁶ DPU represents Deseret is able to meet its current financial obligations, and it recommends the PSC approve the Application. Based on the PSC’s review of the Application, its attachments, 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 finds and concludes that good cause exists for

³ DPU Comments at 4.

⁴ *Id.*

⁵ *Id.*

⁶ Application at 5.

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

ORDER

1. The PSC adjudicates this matter informally pursuant to and consistent with Utah Code § 63G-4-203 and Utah Admin. Code R746-110-1;
2. The PSC approves the Application, effective June 25, 2024; and
3. The PSC waives the 20-day tentative period that would otherwise apply under Utah Admin. Code R746-110-2. This is a final order.

DATED at Salt Lake City, Utah, June 25, 2024.

/s/ Jerry D. Fenn, Chair

/s/ David R. Clark, Commissioner

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

Attest:

/s/ Gary L. Widerburg
PSC Secretary
DW#334411

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 25, 2024, a true and correct copy of the foregoing was delivered upon the following as indicated below:

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