

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

Application of Garkane Energy Cooperative, Inc. for Authority to Issue Securities in the Form of a Loan Agreement and Secured Promissory Note	<u>DOCKET NO. 25-028-05</u>  <u>ORDER</u>
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ISSUED: July 15, 2025

On June 2, 2025, pursuant to Utah Code § 54-4-31, Garkane Energy Cooperative, Inc. (“GEC”) filed a verified Application (“Application”) with the Public Service Commission (“PSC”) for approval to (1) issue securities in the form of a Loan Agreement with a Secured Promissory Note to the National Rural Utilities Cooperative Finance Corporation (“CFC”) in an amount up to twenty-five million dollars (\$25,000,000), and (2) enter into and deliver such other documents, agreements, and arrangements as may reasonably be necessary or incident to the Loan (collectively, the “Loan Agreement”). GEC states its Board of Directors approved the Loan Agreement in a noticed meeting on May 19, 2025, and GEC intends to use the funds for infrastructure construction to support its growing membership base. GEC also requests informal adjudication of the Application and the PSC issue an order approving the Application pursuant to Utah Admin. Code R746-110-2. GEC requests the PSC issue a final order as soon as practicable and within 45 days, if feasible, to meet CFC’s financing requirements.

The PSC provided public notice of the opportunity for any interested party to file comments on or by June 26, 2025. The Division of Public Utilities (“DPU”) filed comments on June 25, 2025. Based on its analysis of the Application and GEC’s

audited financial statements for years 2021 through 2024, DPU believes GEC will be able to meet its obligations, including those under the Loan Agreement. In reaching that conclusion, DPU comments GEC has held a stable equity position close to 60 percent for the past four years, even with the company's infrastructure investments to meet growing load. Approval of the Loan Agreement will increase debt and lower the equity position of GEC, but DPU opines it will not bring the debt-to-equity ratio to an unreasonable level. Based on these factors and GEC's past performance, DPU recommends the PSC approve the Application. No other party filed comments on the Application.

#### **DISCUSSIONS, FINDINGS OF FACT, AND CONCLUSIONS OF LAW**

Based on the PSC's review of GEC's Application, the Loan Agreement, DPU's comments and recommendations, and the absence of any opposition, the PSC finds approving the Application is just, reasonable, and in the public interest. GEC represents it will use the proceeds of the proposed loan to finance the construction and replacement of transmission, distribution, and business infrastructure. Additionally, GEC's Board of Directors approved the Loan Agreement and appears fully capable of meeting its current and future financial obligations under the Loan Agreement.

The PSC further finds good cause exists for adjudicating this matter informally. The verified and sworn Application satisfies the requirements for informal adjudication under Utah Admin. Code R746-110-1. Finally, the PSC finds GEC has

established good cause exists to waive the otherwise applicable 20-day tentative period for issuing a final order under Utah Admin. Code R746-110-2.

**ORDER**

1. The PSC adjudicates the Application informally pursuant to Utah Admin. Code R746-110-1.
2. The PSC approves the Application, effective July 15, 2025.
3. The PSC waives 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, July 15, 2025.

/s/ Michael J. Hammer  
Presiding Officer

Approved and Confirmed July 15, 2025, as the Order of the Public Service Commission of Utah.

/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#340632

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. §§ 63G4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on July 15, 2025, a true and correct copy of the foregoing was delivered upon the following as indicated below:

By Email:

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