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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Deseret Generation and Transmission Co-Operative, Bridger Valley Electric Association, Dixie-Escalante Rural Electric Association, Garkane Power Association, Moon Lake Electric Association, and Mount Wheeler Power, Inc. for Authority to Issue Securities in the form of a Secured Term Loan, an Extended Line of Credit, and Amendment to Existing Secured Financing	Docket No. 26-506-04 26-022-04 26-066-03 26-028-03 26-030-04 26-031-03

CONFIDENTIAL VERIFIED JOINT APPLICATION FOR AUTHORITY TO ISSUE SECURITIES AND REQUEST FOR EXPEDITED CONSIDERATION

This Confidential Verified Joint Application for Authority to Issue Securities and Request for Expedited Consideration ("Application") is jointly submitted by Deseret Generation & Transmission Co-operative ("Deseret"), Bridger Valley Electric Association ("BVEA"), Dixie-Escalante Rural Electric Association ("Dixie"), Garkane Power Association ("Garkane"), Moon Lake Electric Association ("MLEA"), and Mt. Wheeler Power, Inc. ("MWP") (BVEA, Dixie, Garkane, MLEA, and MWP are referred to collectively as the "Members." Deseret together with the Members are referred to collectively as the "Applicants").

As set forth more fully below, Applicants hereby apply to the Commission pursuant to Utah Code § 54-4-31 for an Order approving and authorizing Applicants to issue securities under or in conjunction with the following: (i) a Secured Term Loan from the National Rural Utilities Cooperative Finance Corporation ("CFC") to Deseret in an amount up to [redacted] (the "Term Loan"), in substantially the form contemplated by the offer letter and summary of terms and conditions filed as Confidential Exhibit A and Confidential Exhibit B; (ii) an amendment to Deseret's existing revolving line of credit with CFC, Facility No. UT021-I-9033, temporarily increasing the commitment from [redacted] to [redacted] (the "Extended Line of Credit"), in substantially the form filed as Confidential Exhibit C; (iii) an amendment to Deseret's existing secured term loan with CFC, Facility No. UT021-A-9054, increasing that facility by [redacted] from [redacted] to [redacted] (the "SCR Facility Amendment"), in substantially the form filed as Confidential Exhibit D; (iv) one or more Secured Promissory Notes and related guarantees and security supplements in substantially the forms filed as Confidential Exhibit E; and Certificates of Resolutions and Incumbency executed by Deseret and Blue Mountain Energy, Inc. ("BME") as Exhibit F.[1] The Term Loan, the Extended Line of Credit, and the SCR Facility Amendment are referred to collectively as the "Financing."

Applicants anticipate and represent by sworn statement that this matter is expected to be unopposed and uncontested. Pursuant to R746-110-1, Applicants hereby request Informal Adjudication of this Application. *See* Utah Admin. Code R746-110-1 ("When a request for agency action is filed with the Commission and the party filing the request anticipates and represents in the request that the matter will be unopposed and uncontested . . . . the request may be adjudicated informally."). This Verified Application is supported by the sworn statements herein and true and correct copies of the documents attached hereto, which documents are sufficient to establish the facts pertinent to this Application.

[1] The Certificates of Resolution and Incumbency from the Members will be filed with the PSC as soon as they are available.

Pursuant to R746-110-2, and for good cause shown, Applicants respectfully request entry of a final Commission order approving the Amendments as soon as practicable to [redacted] Deseret's Board, consisting of representatives of each Member, approved the Amendments at a duly noticed public meeting in June. The governing boards of each Member will hold duly-noticed meetings at the earliest available opportunity to consider approval of the Amendments, and Certificates of Resolution and Incumbency of each Member will be provided as soon as they are available. In light of this, Applicants further ask the Commission to determine that no additional public notice of this proceeding is required under R746-110-2 of the Rules. *See* Utah Admin. Code R746-110-2 (noting that the Commission may elect in its discretion whether to require public notice).

In support of this Application, Applicants represent as follows:

<u>Background</u>

1. Deseret is a Utah not-for-profit corporation organized and operating as a wholesale electric generation and transmission cooperative. Deseret supplies and transmits electric power and energy for the benefit of its member-consumers and non-member contract patrons. Much of the electric service provided by Deseret is transmitted for use in primarily rural, agricultural areas in the State of Utah and surrounding states.

2. Communications regarding this Application should be directed to:

Phillip J. Russell
James Dodge Russell & Stephens, P.C.
545 East 300 South
Salt Lake City, Utah 84102
Email: prussell@jdrslaw.com

Jeff Peterson
President & Chief Executive Officer
Deseret Power
10714 South Jordan Gateway
South Jordan, Utah 84095
Email: jpeterson@deseretpower.com

3. As a rural electric generation transmission cooperative, Deseret has no stock, shareholders, or investors. It is governed by democratically selected trustees elected from among its electric consumers. Deseret is regulated as a public utility by the relevant rate-making and administrative agencies under Utah and federal law.

[redacted]

4. Deseret owns and operates the Bonanza Power Plant (the "Bonanza Plant"), a coal-fired electric generating facility located in Uintah County, Utah. The Bonanza Plant is Deseret's primary generating resource and the principal source of the firm capacity and energy that Deseret uses to serve its members, its contract customers, and its other off-system sales obligations.

[redacted]

[redacted]

Redacted

[redacted]

[redacted]

[redacted]

[redacted]

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[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

<u>Existing Credit Facilities</u>

14. Line of Credit (UT021-I-9033). Deseret maintains a revolving line of credit with CFC (the "Line of Credit") that may be used for debt service and general corporate purposes. The Commission originally authorized Deseret to enter into and secure the Line of Credit in its Report and Order dated July 3, 1996 in Docket No. 96-506-01. The Line of Credit has subsequently been amended, extended, and has been restated as approved and authorized pursuant to the Commission's Report and Order dated January 18, 2002 in Docket No. 01-506-01; its Report and Order dated October 12, 2007 in Docket No. 07-506-01; its Report and Order dated March 14, 2011 in Docket No. 10-506-01; and its Report and Order dated October 7, 2016 in Docket No. 16-506-01.

15. Most recently, the Commission approved Deseret's authority to enter into the Fourth Amended and Restated Revolving Credit Agreement, amending and extending the Line of Credit (the "2018 Line of Credit"), by Report and Order dated July 27, 2018 in Docket No. 18-506-01. The 2018 Line of Credit provides revolving availability of up to [redacted] and is guaranteed by a Secured Guaranty executed by BME and by joint and several guarantees executed by the Members.

16. The Commitment Period under the 2018 Line of Credit, as approved in 2018, was scheduled to expire December 31, 2025. Deseret and CFC addressed that expiration in two phases, with the first phase driven by the time-sensitive need to preserve outstanding letters of credit. The First Amendment, executed December 22, 2025, maintained the [redacted] aggregate availability and extended the outside expiration date for letters of credit issued under the 2018 Line

of Credit to December 31, 2026, so that those letters of credit would not be canceled; it did not extend the Commitment Period. The Commission approved the First Amendment by Order entered April 30, 2026 in Docket Nos. 26-506-02, 26-022-02, 26-066-01, 26-028-01, 26-030-02, and 26-031-01.

17. The Second Amendment, executed May 5, 2026, extended the Commitment Period (and the outside expiration date for letters of credit) through December 30, 2030, and modified certain technical repayment terms, without modifying the [redacted] aggregate availability under the 2018 Line of Credit. The Commission approved the Second Amendment by Order entered June 10, 2026 in Docket Nos. 26-506-03, 26-022-03, 26-066-02, 26-028-02, 26-030-03, and 26-031-02. As a result of these amendments, the 2018 Line of Credit currently provides revolving availability of up to [redacted] through a Commitment Period ending December 30, 2030.

18. SCR Term Loan (UT021-A-9054). The Commission previously granted Deseret a Certificate of Public Convenience and Necessity authorizing the acquisition and installation of a Selective Catalytic Reduction ("SCR") system for NOx control at Bonanza Unit 1 (the "SCR Project"), by Order dated June 6, 2024 in Docket No. 24-506-01, and the Commission thereafter authorized Deseret and the Members to issue securities to finance the SCR Project by Order dated June 25, 2024 in Docket Nos. 24-506-02, 24-022-02, 24-066-01, 24-028-01, 24-030-01, and 24-031-01. The resulting secured term loan with CFC, Facility No. UT021-A-9054, is secured under Deseret's existing Mortgage and has a current authorized amount of [redacted]. The SCR Project enables Deseret to satisfy the NOx-control condition in the Bonanza Title V Operating Permit, thereby lifting the lifetime coal-consumption limit applicable to Bonanza Unit 1 and extending the economic operating life of the unit.

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The Proposed Financing

19. The Financing comprises three related components, each provided by CFC and secured under Deseret's existing Mortgage dated December 16, 2005, as supplemented: the Term Loan, the Extended Line of Credit, and the SCR Facility Amendment. The principal terms of each component are summarized below and set forth more fully in Confidential Exhibits A through E.

20. **Extended Line of Credit**. The Extended Line of Credit amends Facility No. UT021-I-9033, documented as a further amendment to the Fourth Amended and Restated Revolving Credit Agreement, to temporarily increase the revolving commitment from [redacted] to [redacted] for a period of one year. During that temporary increase period, the maximum aggregate principal amount outstanding under the Term Loan and the line of credit, taken together, shall not, at any time, exceed [redacted]. The temporary increase to [redacted] is necessary to provide the liquidity Deseret requires to fund replacement power purchases and carry it through the current forced outage. The increase is temporary by design: it is intended to serve as a bridge to the Term Loan, under which the short-term line of credit borrowings will be converted into long-term, fixed-rate financing. Once the Term Loan is in place, the temporary increase will no longer be needed, and the line of credit commitment will return to [redacted].

21. **Term Loan.** The Term Loan is a secured term loan of up to [redacted]. Its proceeds will be used to refinance the short-term borrowings under the line of credit – including borrowings made under the temporarily increased commitment – and to fund expenditures related to the [redacted]. In effect, the Term Loan terms out the bridge financing provided under the Extended Line of Credit, converting short-term, variable borrowings into stable, long-term, fixed-rate financing matched to the recovery of those costs. The Term Loan has a maximum term

of sixteen years, a draw period of up to twelve months, and amortization (at Deseret's election, level debt service or level principal) beginning no later than twelve months from closing over a period of up to fifteen years. The interest rate will be fixed or variable at Deseret's election at the time of each advance and may be forward rate-locked following credit approval.

22. **SCR Facility Amendment.** Separately, and in addition to the outage-related financing, Deseret seeks authority to amend its existing SCR Project term loan, Facility No. UT021-A-9054, to increase that facility by [redacted], from [redacted] to [redacted]. [redacted] The scope of the SCR Project is unchanged from the project for which the Commission issued a Certificate of Public Convenience and Necessity in Docket No. 24-506-01 and authorized financing in Docket No. 24-506-02 and the Members' companion dockets; accordingly, Deseret seeks only the increased securities authority necessary to complete the previously certificated Project and does not seek a new or amended Certificate of Public Convenience and Necessity. Timely completion of the SCR Project remains necessary for Bonanza Unit 1 to satisfy the NOx-control condition of its Title V Operating Permit.

23. **Guarantees and Security.** The Term Loan will be guaranteed by BME and by each of the Members, under the same terms and conditions as their respective guarantees of Deseret's existing CFC term loan facilities and will be secured under Deseret's existing Mortgage dated December 16, 2005. The BME guarantee will be secured under BME's mortgage and will remain in place through the tenor of the Term Loan. The Member guarantees are subject to release only upon Deseret's satisfaction of specified financial performance conditions and the delivery of qualifying long-term wholesale power contracts, all as set forth in Confidential Exhibit B.

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Cost Recovery and Rate Plan

24. Deseret has developed a cost-recovery plan to service the long-term debt incurred in connection with the [redacted]. As part of that plan, Deseret intends to [redacted].

[redacted]

26. [redacted]. Deseret will implement the [redacted] in accordance with its governing documents and any applicable Commission requirements; this Application does not seek Commission approval of [redacted], which are referenced here solely to demonstrate the financial feasibility of, and Deseret's ability to service, the Financing.

Public Interest

27. Applicants submit this Application seeking approval to issue securities in connection with the Financing to fund replacement power and outage-related costs arising from the unexpected 2026 Bonanza Plant Outage and to complete the previously approved SCR Project, consistent with prior Reports and Orders issued by the Commission in connection with Deseret's existing facilities.

28. Deseret has negotiated and structured the Financing to avoid any adverse impact on the positions, rights, remedies, and risks of Deseret and the Members under Deseret's long-term debt restructuring and the debt recapitalization agreements, amendments, and arrangements between Deseret and CFC.

29. The representatives of all five Members on Deseret's Board of Trustees actively participated in and unanimously approved the development of the terms of the Financing, and each of the Members' governing boards thereafter agreed and resolved to authorize Deseret's payment obligations and the related Member guarantees.

30. Applicants have determined that the Financing is the appropriate and most advantageous means available to Deseret to secure the liquidity and long-term funding necessary to respond to the [redacted] while maintaining the stability of Deseret's financial position. [redacted] into long-term financing matched to a corresponding cost-recovery plan, thereby adding certainty and stability to Deseret's financial position and limiting the disruption to Deseret's members.

31. The Financing and related documents are for lawful objects within Deseret's proper corporate purposes, are compatible with the public interest, are necessary or appropriate for or consistent with proper performance by Deseret of its services as a public utility and will not impair Deseret's ability to provide or perform those services.

<u>Request for Expedited Consideration</u>

32. The Applicants respectfully request expedited and informal consideration of this Application. The terms and conditions of the Financing have already been reviewed and approved by Deseret's governing board, which represents all five of Deseret's distribution Members, and the Financing is anticipated to be unopposed and uncontested. Prompt access to the financing is

time-sensitive: [redacted]

33. For these reasons, the Applicants request that the Commission issue a final order approving this Application as soon as practicable following the close of any applicable comment period.

34. Pursuant to R746-110-2, Applicants further request that the Commission, for good cause as shown above, waive the 20-day tentative period otherwise applicable to a final order and determine that no additional public notice of this proceeding is required.

REQUESTED ACTION

Wherefore, Applicants request that the Commission:

A. Issue an order approving and authorizing the issuance of securities by Deseret to CFC for the purposes specified herein, including the Term Loan, the Extended Line of Credit, the SCR Facility Amendment, and the related Guarantees and security documents;

B. Enter an order as expeditiously as possible; and

C. Pursuant to Commission Rules R746-110 and R746-1-104(1)(a), and because the matter is anticipated to be unopposed and uncontested, handle the application request by Informal Adjudication.

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DATED this 23rd day of June, 2026.

Respectfully submitted

By: ____________________

Phillip J. Russell
JAMES DODGE RUSSELL & STEPHENS, P.C.

Attorney for Applicants

VERIFICATION

STATE OF UTAH)

: ss

COUNTY OF SALT LAKE)

The undersigned, Gregory Humphreys, being first duly sworn upon oath, deposes and states that he is the Chief Financial Officer of Deseret Generation & Transmission Co-operative, the Applicant in this proceeding, that he has read the foregoing Application and is familiar with the transactions referred to herein and the documents attached hereto, that the matter is anticipated to be unopposed and uncontested, and that, to the best of his knowledge, information and belief, the statements therein are all true and accurate.

/s/ ______________________
Gregory Humphreys

Subscribed and sworn to before me this 23rd day of June 2026.

[Seal]

MARIAH CHALLIS
NOTARY PUBLIC • STATE OF UTAH
My Commission Expires June 26, 2027
COMMISSION NUMBER 731816

/s/ ______________________
Notary Public

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Verified Application was served by email this 23rd day of June 2026, upon the following:

DIVISION OF PUBLIC UTILITIES

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