Redacted

Action Request Response

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Chris Parker, Director
Brenda Salter, Assistant Director
Doug Wheelwright, Utility Technical Consultant Supervisor
Casey J. Coleman, Utility Technical Consultant

Date: July 1, 2026

Re: **Docket No(s). 26-506-04, 26-022-04, 26-066-03, 26-028-03, 26-030-04, and 26-031-03,** Application of Deseret Generation and Transmission Co-Operative, Bridger Valley Electric Association, Dixie-Escalante Rural Electric Association, Garkane Power Association, Moon Lake Electric Association, Inc., and Mount Wheeler Power, Inc. for Authority to Issue Securities in the form of a Second Amendment to the Fourth Amended and Restated Revolving Credit Agreement and Secured Promissory Note.

Recommendation (Approve)

The Division of Public Utilities (Division) recommends the Public Service Commission of Utah (Commission) approve the request and authorize Deseret Generation and Transmission Co-Operative, Bridger Valley Electric Association, Dixie-Escalante Rural Electric Association, Garkane Power Association, Moon Lake Electric Association, Inc., and Mount Wheeler Power, Inc. (Members or Deseret) to issue securities as discussed below.

Issue

Pursuant to Utah Code Ann. § 54-4-31, the Members request an Order approving and authorizing the issuance of securities. The Commission issued an Action Request on June 24, 2026, for the Division to review the application and make recommendations, with an ASAP due date. Subsequently, the Commission issued a Notice of Filing and Comment

Redacted

Period where interested parties could provide comments by Tuesday July 14, 2026. This memorandum represents the Division's response to the Commission's Action Request.

Background

"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. As a rural electric generation transmission cooperative, Deseret has no stock, shareholders, or investors. It is governed by democratically selected directors elected from among its electric consumers. Deseret is regulated as a public utility under Utah and federal law."[1]

[redacted]

[redacted]

[redacted]

[redacted]

---

[1] Deseret Application, June 23, 2026, pages 3-4.
[2] *Ibid.* at Page 5.

Redacted

[redacted]

[redacted]

Past Commission Actions Approving Securities

Deseret currently maintains a revolving line of credit with the National Rural Utilities Cooperative Finance Corporation (CFC), designated as Facility No. UT021-I-9033, which may be utilized for debt service and general corporate purposes. Originally authorized by the Commission in 1996, this facility has been amended and extended multiple times, with the Commission approving the 2018 Line of Credit under the Fourth Amended and Restated Revolving Credit Agreement. This agreement provides a revolving availability of up to [redacted] and is supported by a secured guaranty from Blue Mountain Energy, Inc. (BME) as well as joint and several guarantees from Deseret's Members. To address the original December 31, 2025, expiration of the commitment period, the Commission

[3] *Ibid.* at Page 6.
[4] *Ibid.* at Page 6.

Redacted

approved a First Amendment in April 2026 that preserved outstanding letters of credit, followed closely by a Second Amendment approved on June 10, 2026. As a result of these recent approvals, the existing line of credit currently provides [redacted] in availability through a prolonged commitment period ending [redacted].

In addition to the revolving line of credit, Deseret holds an existing secured term loan with the CFC (Facility No. UT021-A-9054) that features a currently authorized amount of [redacted]. This facility was specifically established to finance the Selective Catalytic Reduction (SCR) project at Bonanza Unit 1, which enables the plant to satisfy necessary NOx-control conditions and extend its economic operating life. The Commission previously granted a Certificate of Public Convenience and Necessity for this environmental control project on June 6, 2024, and subsequently authorized Deseret and its Members to issue the required securities to finance the project on June 25, 2024. This existing SCR term loan remains secured under Deseret's existing Mortgage.

Proposed Financing

The proposed financing consists of three interconnected components provided by the CFC to address Deseret's recent operational challenges and ongoing capital projects. First, Deseret seeks an Extended Line of Credit, which temporarily increases its existing revolving commitment from [redacted] to [redacted] for a period of one year. [redacted] These short-term borrowings will subsequently be refinanced through the second component: a Secured Term Loan of up to [redacted]. The Term Loan will convert the bridge financing into stable, long-term debt with a maximum term of sixteen years, capping the combined maximum outstanding principal under both the Term Loan and the line of credit at [redacted] at any given time.

The third component of the financing is an amendment to Deseret's existing Selective Catalytic Reduction (SCR) Project term loan (Facility No. UT021-A-9054). This SCR Facility Amendment requests a [redacted] increase, bringing the total authorized amount from [redacted] to [redacted]—[redacted]

Redacted

[redacted]. Deseret emphasizes that "the underlying scope of the SCR Project remains unchanged from what the Commission previously approved, and therefore no new or amended Certificate of Public Convenience and Necessity is required."[5] To secure the overall proposed financing, all three components will be tied to Deseret's existing Mortgage dated December 16, 2005. Furthermore, the Term Loan will be supported by a secured guarantee from BME and guarantees from Deseret's Members, which will remain in effect until specified financial performance conditions and long-term contract milestones are satisfied.

To service the long-term debt associated with the securities, Deseret has developed a [redacted]. While Deseret will implement these changes in accordance with its governing documents and applicable regulatory requirements, the cooperative clarifies that it is not currently seeking Commission approval for the rate adjustments themselves; rather, the plan is presented to demonstrate the financial feasibility and Deseret's operational capacity to reliably service the proposed new debt.

Discussion

The Division has reviewed the Verified Application for Authority to Issue Securities in the form of (i) a Secured Term Loan, (ii) an amendment to Deseret's revolving Line of Credit and (iii) an amendment to Deseret's Secured Promissory Note (Application).

The Application states:

[5] *Ibid.* at Page 10.

Redacted

1. The Extended Line of Credit was negotiated and structured in the public interest to avoid any adverse impact or risk to Deseret or Deseret's Members.[6]
2. All five members on Deseret's Board of Trustees have approved the terms of the Extended Line of Credit.[7]
3. Deseret has determined that obtaining the different financial instruments is the most "advantageous means available to secure the liquidity and long-term financing to respond to the [redacted], while maintaining the stability of Deseret's financial position."[8]
4. Deseret indicates the Financing "[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."[9]
5. The Board's approval of the extension of the line of credit occurred at a duly noticed public meeting.[10]

Conclusion

The Division has reviewed and analyzed the Application and exhibits. The Division recommends that the Commission approve the Verified Application for Authority to Issue Securities in the form of (i) a Secured Term Loan, (ii) an amendment to Deseret's revolving Line of Credit and (iii) an amendment to Deseret's Secured Promissory Note. The Division is not aware of any opposition to the application and recommends the Commission proceed in an expedited and informal manner.

cc: Phillip J. Russell, James Dodge Russell & Stephens, P.C.
Michele Beck, Director, Office of Consumer Services
Service List

---

[6] *Ibid.* at Page 12.
[7] *Ibid.* at Page 12.
[8] *Ibid.* at Page 12.
[9] *Ibid.* at Pate 12
[10] *Ibid.* at Page 3.