

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Request of EMPIRE )  
ELECTRIC ASSOCIATION, INC., to Enter )  
into Security Agreement and Proceed with )  
a \$9.4 Million Federal Financing Bank Loan )

DOCKET NO. 00-025-01

REPORT AND ORDER

ISSUED: February 8, 2000

SYNOPSIS

Applicant having shown, *prima facie*, that the additional financing is necessary to maintain its system and accommodate anticipated growth in its customer base, the Commission approved the financing agreement.

By the Commission:

PROCEDURAL HISTORY

On January 3, 2000, Empire Electric Association, Inc., ("Applicant") filed its application for approval of its incurring new long-term indebtedness in the amount of \$9.4 million. The matter was referred to the Division of Public Utilities, Utah Department of Commerce ("DPU") for review and recommendation, and DPU filed a memorandum recommending approval January 31, 2000. Since an evidentiary hearing appears to be neither necessary nor convenient for the resolution of this matter, we have determined to dispose of the same without further proceedings. The Administrative Law Judge, having been fully advised in the matter, now enters the following Report, containing proposed findings of fact, conclusions of law, and the Order based thereon.

FINDINGS OF FACT

1. Applicant proposes to use the funds to improve system reliability, replace obsolete lines, and for the costs associated with customer growth. Approximately 95% will be spent on the distribution system, and 5% on the transmission system.
  - o No funds are for new office buildings or generation facilities. About \$1.6 million will be spent on facilities located in Utah, the balance will be spent on Colorado facilities.
  - o The loan is for 30 years. Applicant can choose either a variable or fixed interest rate.

As construction is completed on projects, in the 4 year construction plan, loan funds will be drawn. Applicant anticipates that a rate increase will be needed to fund repayment of the loan and interest, but it has not stated a timetable for filing for such an increase.

DISCUSSION

Since the proposed expenditures appear to be necessary to fund system maintenance and accommodate system growth, they appear to be prudent and necessary.

CONCLUSIONS OF LAW

The proposal should be approved.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

The proposed financing arrangement between Empire Electric Association, Inc., and Federal Financing Bank be, and it is approved effective the date of this Order.

Any person aggrieved by this Order may petition the Commission for review within 20 days of the date of this Order. Failure so to do will forfeit the right to appeal to the Utah Supreme Court.

DATED at Salt Lake City, Utah, this 8<sup>th</sup> day of February, 2000.

/s/ A. Robert Thurman, Administrative Law Judge

Approved and Confirmed this 8<sup>th</sup> day of February, 2000, as the Report and Order of the Public Service Commission of Utah.

/s/ Stephen F. Mecham, Chairman

/s/ Constance B. White, Commissioner

/s/ Clark D. Jones, Commissioner

Attest:

/s/ Julie Orchard, Commission Secretary