



UTAH PUBLIC
SERVICE COMMISSION

March 3, 2009

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Ms. Julie Orchard
UTAH PUBLIC SERVICE COMMISSION
160 East 300 South
P.O. Box 45585
Salt Lake City, UT 84145-0585

RE: Twin Cities Acquisition Notice
(R-746-401-3)

Dear Commissioners:

Garkane has entered into a MOU (Memorandum of Understanding) with Twin Cities Power Authority; the municipal cities of Hildale, Utah and Colorado City, Arizona; and Wells Fargo Bank, representing the bondholders for the Twin Cities outstanding bonds. The MOU will provide the basis for an acquisition by Garkane of the electrical distribution systems of Hildale, Utah and Colorado City, Arizona, including a 69 kV transmission line from Hurricane, Utah to Hildale, Utah.

The total commitment, pending all regulatory approvals, is \$3.125 million. Garkane will acquire approximately 1,100 customers, with annual sales of approximately 27 million kWh, and estimated annual revenues of \$2.2 million. This will increase our total customer base by less than 10% and total plant by less than 5%. Garkane has an existing Line of Credit with the NRUCFC from which the proceeds for the acquisition will be used. This LOC was recently recommended for approval to be increased from \$2 million to \$5 million by the Utah Department of Public Utilities.

Sales Agreements are being finalized with the parties. We are looking to a mid-May closing date, with final and beginning meter readings to take place the last week of May, with Garkane assuming the operation of the system on May 28, 2009.

Garkane has submitted documents to the Arizona Corporation Commission (ACC) for their approval of the Colorado City, Arizona portion. We have received a hearing date of April 3 from the Arizona Corporation Commission.

An MOU has been executed with Rocky Mountain Power and arrangements made with Deseret Power for a delivery point and transmission service and power delivery over the existing 69 kV transmission line. We will be purchasing 23.4 miles of 69 kV transmission line and selling approximately 20 miles of that to Rocky Mountain Power in exchange for this Delivery Point.

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Power rates will go down to the 2003 Twin Cities' rate level.

We will file the Sales Agreement as soon as it is completed.

Garkane will be establishing a part-time bill payment office in Hildale, Utah and will be acquiring two journeyman linemen.

Pursuant to R-746-401-3, we are providing you with this information

If you need further information, please contact me.

Thank you.

Respectfully,

GARKANE ENERGY COOPERATIVE, INC.



Carl R. Albrecht
CEO

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