

## **Preserving our voices on power supply matters**

In the West, we do best when we start locally. Take governance and the bottom-up approach that serves us well in our school districts, our town councils and county commissions, and is reflected in those who represent our communities in our statehouses. Each of us has a voice.

In our rural communities, people come together locally through not-for-profit, member-owned and member-governed electric cooperatives to voice their needs and opinions on how they are served power. Therefore, it may come as a surprise that electric cooperatives like ours, spanning four states, valuing local, democratic control, sought federal regulation over the rates of their cooperative power supplier, Tri-State Generation and Transmission Association.

As the CEOs of Colorado's electric cooperatives served by Tri-State, it's important that we share with you why.

We sought federal rate regulation to ensure that we will always have a voice with Tri-State's regulators on the issues that have a financial impact on our distribution cooperative and the members we serve, no matter which state we reside.

Seeking federal rate regulation wasn't something we took lightly. Electric cooperatives like ours value democratic governance as we make decisions that collectively benefit our communities.

For example, Tri-State's Responsible Energy Plan will bolster renewable energy to 50% in just over three years and while significantly reducing emissions. We'll have flexible options to pursue local renewable energy, and we anticipate Tri-State's wholesale power rate, which has been flat for four years, will decrease.

However, the last decade has seen states that historically regulated Tri-State's facilities and environmental matters begin focusing on wholesale rates. We know state regulators can consider only the interests of their state, and actions on rates could disadvantage Tri-State members in other states.

In July 2019, Tri-State's Board of Directors announced their decision to pursue rate regulation by the Federal Energy Regulatory Commission, to ensure Tri-State would have one consistent rate regulator across all the states where it serves members.

Our openness to FERC regulation shouldn't be surprising. Federal rate regulation is the norm for wholesale power suppliers, including Xcel Energy and Black Hills Energy. In addition, the FERC will allow all member-owners of Tri-State to receive a fair and equitable contract termination payment. FERC will mediate a fair and reasonable exit that doesn't harm the remaining members or unjustly bolster the members that opt to terminate their contract.

There is no better example of the importance of FERC regulation to our cooperatives than the recent actions by Colorado regulators to circumvent our voice without even working with or reaching out to those that it will impact.

Following Tri-State's announcement to pursue FERC regulation, two Tri-State members filed a complaint on contract termination costs at the Colorado Public Utilities Commission. In the proceedings, the commission would not allow other Tri-State members, in Colorado or other states, to participate. Worse still, a Tri-State member-developed contract termination cost methodology was not allowed into the record. Our cooperatives

had no voice on an issue that could significantly impact our rates. We also asked to be part of the Colorado case, but were once again denied representation.

For the first time, Tri-State is fully rate regulated and late last month, FERC preempted the Colorado Public Utilities Commission, holding that FERC has exclusive jurisdiction on Tri-State rate and member exits. Importantly, this means each Tri-State member can participate in rate setting processes.

With Tri-State, we will have cleaner and more-competitively priced power, and even more flexibility in our contracts. As we go through these positive changes, and the regulatory oversight that is now required, we know we can always have our voices heard.



Josh Dellinger, General Manager  
Empire Electric Association



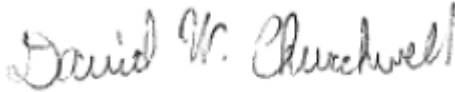
Jim Herron, CEO  
Mountain View Electric Association



Dennis Herman, General Manager  
Highline Electric Association



Reg Rudolph, General Manager  
San Isabel Electric



David Churchwell, General Manager  
K.C. Electric Association



Jack Johnston, CEO  
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David Frick, General Manager  
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Trent Loutensock, General Manager  
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Loren Howard, CEO  
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Alan Michalewicz, General Manager / CEO  
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Jeffrey Wadsworth, President & CEO  
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