AGENDA ITEM or FINAL CONTRACT REVIEW SUBMITTAL FORM

Agenda Item: BOCC Comments; PUC Re: Tri-State

Action Requested: Board of County Commissioners' Signature

Parties to the Agreement:

Term Begins: **Term Ends:** **Grant Contract #:**

Summary:

Comments to PUC regarding oversight of Tri-State

Fiscal Impact:

Submitted by: John Cattles **Submitter's Email Address:** jcattles@gunnisoncounty.org

Finance Review: ○ Required ◉ Not Required

Comments:

Reviewed by: Discharge Date:

County Attorney Review: ◉ Required ○ Not Required

Comments:
ok db 9/25/19

Reveiwed by: GUNCOUNTY1\dBaumgarten Discharge Date: 9/25/2019 Certificate of Insurance Required

Yes ○ No ◉

County Manager Review:

Comments:

Reveiwed by: GUNCOUNTY1\mbirnie Discharge Date: 9/27/2019

○ Consent Agenda ◉ Regular Agenda ○ Worksession Time Allotted: 5

Agenda Date: 10/1/2019

Revised April 2015

To: Colorado Public Utilities Commission

From: Gunnison County Board of County Commissioners

Re: Proceeding # 19R-0408E

The Gunnison County Board of County Commissioners is pleased to offer comments regarding the Public Utilities Commission (PUC) proceeding 19R-0408E. Gunnison County supports the regulatory oversight responsibility of the Colorado PUC to regulate monopolized utilities, for the benefit and trust of the citizens of Colorado. Regarding the proposed rules and PUC oversight of Tri-State generally we offer the following comments:

The model of governance of Tri-State is not sufficient to provide accountability and control to members. The cooperative model, while effective and important in rural development, has left a deficit in public accountability to citizens of Colorado who are affected by decisions and actions taken by the wholesale power provider. The efficacy of local Regional Electric Authority (REA) membership representation has been diluted as the cooperative model has evolved over time. Throughout the state local co-op's have joined Tri-State Generation and Transmission as 'member owners'. In essence, this replicates the co-op structure and dilutes the governance impact of local, co-op ratepayer/member owners. With the dual board structure (local co-ops boards selecting representatives to the broader Tri-State board) representation of citizens (and REA membership) through the local REA coop is insufficient to provide democratic accountability and oversight by the public. Without the ability of an additional public body (the PUC) to provide accountability, local citizen voice and oversight is superficial regarding decisions which directly affect ratepayers through energy costs and all citizens through environmental impacts of emissions resulting from power use. Additionally, as currently organized, the co-op model proves challenging for the following reasons:

- The one vote per member co-op model gives inordinate power to small co-ops including those from out-of-state.
- The structure of the dual board representation compels member co-op's representatives to vote in consideration of Tri-State's best interest as board members of Tri-State and not the general will of their co-op board or membership. This potential structural, ethical dilemma between representing the member co-op or Tri-State when decisions may conflict with each undermines the representation of co-op members (ratepayers) and supposed public oversight of the monopoly utility.

- Generation and transmission (G&T) decisions are disproportionately impactful to local economies, environmental impacts of emissions, and the ability to develop local generation. While at the same time, the decisions and activities taken by the G&T are the least influenced by members who are supposed to provide public oversight.
- Dual oversight by FERC and the Colorado PUC will inevitably lead to conflict; as rates and resources are unavoidably related. Since FERC authority trumps state regulation, the process may be exploited to delay, confuse, and challenge a PUC approved resource plan. Resource planning as proposed in the PUC rules considers rates over-time and should include consideration of indirect societal costs of carbon pollution, and other 'social license' concerns like impact to local economies and the values of ratepayers. It is unknown what consideration FERC will include in oversight of rates.

Gunnison County supports the authority of the Colorado PUC, the transparency of resource planning required by the proposed rules, and regulatory authority to ensure plans are executed as proposed. The inclusion of FERC threatens to extend and confuse resource planning and thwart regulatory authority to see that accepted plans are executed.

Gunnsion County's greenhouse gas emissions (GHG) reduction goals are not possible without significant reduction in the emissions factor of electric utilities which serve the county. Dramatically changing this emissions factor requires change at the G&T level. An enforceable resource plan that is developed publicly and objectively weighs costs and benefits of current generation, new generation, and efficiency is necessary. Rules must ensure that both energy costs and GHG emissions are accounted for and the adopted resource plan represents the best value for citizens and ratepayers considering both current and future costs of energy alongside externalized impacts of emissions both now and into the future.

Demand side management (DSM) programs have not traditionally been undertaken by Tri-State or it's member co-ops at more than a superficial level. Many of the communities served by Tri-State and member co-ops, including Gunnsion County, have buildings with higher than average energy use and a population with lower than average incomes compared to state averages. DSM programs that lower energy use will reduce the amount of energy required to serve customers meaning less emissions from fossil fuel generation and less renewable resources required to replace fossil resources. Effective DSM programs also serve to lower consumer's energy costs and reduce the impact of future energy costs. DSM should be considered alongside renewables and benchmarked against other resources for potential to reduce carbon emissions and increase equity for citizens. Programs exist in Gunnison County and other counties served by Tri-State which could be leveraged to provide DSM services tailored for the communities served. Existing programs are largely supported by federal programs, DSM programming from natural gas utilities, and charities. It should also be noted that existing natural gas programming is precarious and prone to adjustment.

Existing coal generation will have to be retired early in order to meet climate goals and protect ratepayers from increasing fuel and operating costs. Securitization of unpaid debt on such plants can reduce cash flow required and ease the transition to renewables as enabled by HB19-1313. However, uncertainty created by dual oversight of FERC and the Colorado PUC may undermine the effectiveness of HB19-1313 due to the conflict of FERC rate regulation and create uncertainty regarding the connection of rates to resource planning.

We appreciate the opportunity to comment.

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Gunnison County Board of County Commissioners