



March 24, 2009

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

In the matter of Amendments to the  
Electric Resource Planning Rules,  
4 CCR 723-3, Rules 3600-3615

Docket No. 091-041E

Comments of the Delta-Montrose Electric Association

Delta-Montrose Electric Association hereby submits the following comments in response to Decision No. C09-0092 ("Notice of Inquiry and Order Establishing Investigator Docket")

1. Delta-Montrose Electric Association hereinafter DMEA, is a member of Tri-State Generation and Transmission Association (hereinafter TS), and will be impacted by the outcome of this proceeding related to Public Utilities Commission (hereinafter the PUC) jurisdiction over TS's resource planning process.

2. The PUC has requested comments from interested persons with respect to the issues it has identified as relevant to TS's resource planning process, and it has also requested that interested persons answer specific questions it has posed as well as comment "on any related matters." DMEA is an interested person and hereby submits the following comments.

When elephants fight, the grass gets trampled. In the case at hand, the elephants are the PUC and TS. And the grass, or at least the grassroots, are rural electric co-operatives such as DMEA, with our sworn duty to serve our 31,000 member-owners with good service and reasonably priced electricity.

DMEA greatly respects each side in this struggle. DMEA gets all of its electricity from TS, and TS has served DMEA well. Moreover, over the past several years DMEA has seen a much improved TS. Our supplier has shown an increased acceptance of efficiency and a willingness to embrace renewables. Most important, instead of panicking in the face of the defeat of its plans for new generation in western Kansas, it has gone back to the drawing boards, and is doing serious long-range planning. This is new and welcome.

DMEA also has respect for the PUC. We see the PUC as encouraging TS to be more transparent in its planning process, so that the co-ops and the state at large can better understand and critique the decisions TS wishes to make.

Unfortunately, a close reading of the PUC docket in this case hints that TS and the PUC do not approach each other with the degree of respect the DMEA board and staff have for each of them. Until this barrier is overcome, we fear an expensive and time-wasting outcome for DMEA's 31,000 member-owners.

We note that the PUC chose to include in this docket part of the October 27, 2008, letter that TS sent in response to a PUC request for information (Paragraph 12). We respect the fact that TS was adhering to its principle of not disclosing details of its member-owners' load projections. Unfortunately, the refusal was worded in a confrontational way, citing the PUC's own rules as a reason for not responding.

As we read it, the PUC is inviting TS to sit down with its commissioners, one on one, and work out this issue. DMEA believes that a series of meetings between the two principals we know best – TS CEO Ken Anderson and PUC Commissioner Binz – would result in mutual respect and some solutions. We strongly urge these meetings on both sides. In fact, we think it is their duty to hold such meetings.

Now to the point most directly at hand. DMEA has no desire to see TS regulated at this time, beyond the PUC's current ability to grant or withhold a Certificate of Public Convenience and Necessity for new generation or transmission. However, this is a clumsy regulatory tool unless it is preceded by long-range planning.

In order for the TS system to function in a democratic way, it would be very helpful for the PUC to create a procedure through which TS presents in an open hearing its non-proprietary financial and planning data and planning process. That information should also be subject to analysis by the PUC staff.

DMEA does not want the PUC to rule on TS's plans. Instead, we want the PUC process to help DMEA and our fellow co-ops understand what TS is proposing, and thereby allow co-ops to make democracy work. Given the information, the co-ops could give informed direction to the representatives we send to the TS board.

Second, DMEA serves an intensely rural area where we see great opportunity to generate electricity from coal-mine methane, agricultural waste, falling water, and sunlight. Unfortunately, DMEA's ability to encourage its member-owners or outside investors to build projects within our service territory is restrained by its All-Requirements Power Contract with TS. Even today, after large and welcome changes at TS, that entity remains resistant to allowing DMEA and other co-ops to generate power or to share in the financial fruits of efficiency and load management. We see changes here as helping DMEA's service territory economically and as helping TS meet its needs for long-term generation.

We mention these concerns to illustrate the kinds of problems and opportunities we believe a PUC process aimed at transparency and critical evaluation of TS's plans and processes would resolve for Colorado's rural electric co-operatives.

Respectfully submitted this 24<sup>th</sup> day of March, 2009.

By Les Renfrow, President of the Board of Delta-Montrose Electric Association on behalf of the Board of Directors.