

Clock ticking on Tri-State electric rate hike

By J.R. Logan

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The Public Regulation Commission (PRC) has until the end of the year to suspend a rate increase from the wholesale power supplier that provides electricity to Kit Carson Electric Cooperative.

The PRC and Tri-State Generation and Transmission are in a standoff over whether the state has the authority to regulate the company's rates. Tri-State argues it is outside the PRC's jurisdiction, while the PRC contends Tri-State overtly agreed to be partially regulated as a condition of its a merger with Plains Generation in 2000.

The PRC will decide whether to suspend the rates at its meeting Thursday (Dec. 20). If it does, Tri-State has said it will take the matter to federal court.

The increase, scheduled to go into effect Jan. 1, would raise electric bills for Kit Carson customers by about 5 percent. It would be the eighth rate increase from Tri-State in 12 years, none of which have been subject to regulatory review.

Tri-State is governed by a 44-member board made up of the representatives of the 44 electric co-ops it serves in New Mexico, Colorado, Nebraska and Wyoming. Kit Carson has a contract to buy 95 percent of its electricity from Tri-State until 2040.

Kit Carson was among three New Mexico co-ops that filed protests with the PRC this fall opposing the increase.

The co-op argued that the rates weren't justified, and coop CEO Luis Reyes has accused Tri-State of trying to unnecessarily pad its bottom line at the expense of ratepayers. Tri-State counters that the increase is needed to meet rising costs.

State law allows the PRC to suspend a wholesale rate hike if three co-ops protest and provide "just cause" for a review of the increase.

That law was specifically added to the books to bring Tri-State under state regulation during negotiations regarding the Plains merger. Tri-State signed a stipulation agreeing to limited regulation under the three co-op protest plan, and PRC staff argue that Tri-State should uphold its part of that deal.

Last week, the PRC specifically asked Tri-State to respond to that argument. In a Dec. 14 filing, Tri-State didn't deny that it agreed to the rule, but it did say that it "reserved its rights to challenge or otherwise seek legislative or judicial review" of the PRC's jurisdiction. Tri-State said

it could not provide a “more comprehensive response” before the rates are to go into effect.

Tri-State has called the state law “unconstitutional” and specifically said in Nov. 29 filing that it would take the case to federal court if the PRC suspends Tri-State’s rate.