

Tri-State wants \$37M for co-op's exit

By J.R. Logan

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Kit Carson Electric Cooperative would have to pay \$37 million to get out of the contract with its current power supplier, Tri-State Generation and Transmission.

The figure was disclosed by a Tri-State official at a court hearing last month. The official was ordered to do so by the judge in that case, despite objections from the Tri-State attorney, who argued the exit cost was "confidential."

The Taos News obtained a transcript of that court hearing this week.

Even with the exit figure now public, there are few other details about how the co-op could afford to get out of the Tri-State contract for purchasing electricity, which does not expire until 2040.

Co-op CEO Luis Reyes stressed Wednesday (Nov. 11) the potential deal with Tri-State has nothing to do with a proposed rate hike that was recently announced. Reyes would not offer hypothetical options for how the co-op might cover that exit price, saying negotiations with Tri-State and other power suppliers are ongoing. But he said any exit cost was not built into the new rate design.

Reyes did confirm the co-op was in discussions with as many as seven power suppliers to negotiate electric prices and contract terms, but he declined to go into details.

Lee Boughey, a spokesman for Tri-State, declined to comment on how Tri-State and Kit Carson arrived at the \$37 million figure, which is about \$100 million less than Tri-State's opening offer in January.

"We will not disclose terms of the negotiations," Boughey wrote in an email to *The Taos News*.

For years, Kit Carson has been at odds with Tri-State over a variety of issues, including a 5 percent cap on the amount of solar energy the co-op can produce locally, as well as a series of rate increases that co-op officials say are arbitrary.

The feud came to a head in recent years when Kit Carson was joined by other New Mexico co-ops to protest a Tri-State rate increase. That protest spurred Tri-State to file a lawsuit in federal court contending state regulators didn't have jurisdiction to control its rates.

That position appeared to contradict a promise Tri-State gave to Kit Carson and other New Mexico co-ops when it merged with another power supplier 15 years ago. At the time, Tri-State agreed to limited regulatory oversight if three New Mexico co-ops protested.

The back and forth in and out of court led to an agreement to try to work out a negotiated "global settlement" to resolve all the outstanding issues. But those negotiations, now months old, have been kept secret, and only a handful of details have been made public.

In January, Reyes did say Tri-State's originally said it would cost Kit Carson \$137 million to get out of its contract. Reyes called the offer "insulting."

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