



February 26, 2020

Members of the House Energy and Environment Committee

Colorado General Assembly

Re: Support for Amendments to HB20-1225

Dear Chair Jackson and Members of the House Energy and Environment Committee:

Last summer, Delta-Montrose Electric Association (DMEA) reached an agreement to withdraw from its wholesale cooperative electric association. DMEA hopes to exit on May 1, 2020, culminating a multi-year effort to set a new course for our 28,000 rural member-owners. To that end, we've been working hard to make necessary arrangements and negotiate multiple withdrawal-related documents.

Even after a retail cooperative's exit charge has been set, a wholesale cooperative retains significant control over a complex exit process. The wholesale cooperative can, if it wants, impose one-sided and costly terms on the exiting retail cooperative. In addition to onerous terms, the wholesale cooperative can delay and effectively postpone indefinitely the retail cooperative's withdrawal. For example, the wholesale cooperative might refuse to confirm that the retail cooperative can keep the transmission rights it has relied upon for decades and which are necessary to deliver power to rural citizens in its service territory.

We are requesting that the House Energy and Environment Committee support amendments to HB20-1225 that would confirm the rights rural cooperative electric associations have when withdrawing from membership in wholesale cooperative electric associations. This would include the right to good-faith negotiations by the wholesale supplier, commercially reasonable contractual withdrawal terms, and assurance that the cooperative will not lose the transmission priority it needs to deliver cost-effective power to rural Colorado. If you have questions on these amendments, feel free to contact Steve Balcerovich (720-351-2007) or Kathy Oatis (303-808-2710).

We would like to thank Representative Weissman for working with us on these amendments.

Sincerely yours,

Jasen Bronec, Chief Executive Officer
Delta-Montrose Electric Association