



March 12, 2020

Senator Faith Winter, Chair
Members of the Senate Transportation and Energy Committee
Colorado General Assembly

Re: Request for Support of HB20-1225 (Senators Fenberg and Coram)

Dear Chair Winter and Members of the Senate Transportation and Energy 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 an exit charge has been set, however, the wholesale cooperative retains significant control over a complex exit process involving various operational issues and requiring multiple withdrawal-related documents. In this exit process the wholesale cooperative can, if it wants, impose one-sided and costly terms on the exiting retail cooperative. In addition to these terms, **the wholesale cooperative can delay and effectively postpone indefinitely the retail cooperative's withdrawal.** For example, the wholesale cooperative might delay confirming 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.

DMEA respectfully requests your support for HB20-1225 because it would confirm the rights that retail cooperative electric associations have when withdrawing from wholesale cooperative electric associations. These include the right to good-faith negotiations, the right to commercially reasonable contractual withdrawal terms, and the assurance that the cooperative will not lose the transmission priority it needs to deliver cost-effective power to rural Colorado. **This bill passed the House last week with broad bipartisan support on a vote of 53-11.**

If you have questions, please contact me directly on my cell phone at 406-229-0233. You may also reach out to Steve Balcerovich (720-351-2007) or Kathy Oatis (303-808-2710).

Thank you for your consideration.

Sincerely yours,

Jasen Bronec, Chief Executive Officer
Delta-Montrose Electric Association