



La Plata Electric Association, Inc.

A Touchstone Energy® Cooperative 

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NEWS

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LPEA prevails in bid for a just and equitable exit charge from Tri-State

DURANGO, Colo. – A Colorado Public Utilities Commission (PUC) Administrative Law Judge (ALJ) ruled Friday in favor of La Plata Electric Association’s efforts to obtain a just and equitable exit charge from their power provider Tri-State Generation & Transmission (Tri-State).

The ALJ’s recommended decision states that “Tri-State’s refusal to provide an exit charge to La Plata was unjust and unreasonable” and that “Tri-State’s refusal to provide an exit charge to La Plata was discriminatory.” It also states that “It is important that (Tri-State) Members who wish to seek alternatives can easily assess the pros and cons of maintaining membership. The evidence presented in this proceeding, and the reason this proceeding was filed, makes it clear that Tri-State is not overly concerned with addressing the concerns of its Members.”

LPEA formally asked Tri-State to provide a fair and equitable exit charge in July of 2019 as the LPEA Board of Directors wanted to [explore](#) multiple power-supply options to minimize costs and maximize local control and environmental sustainability. These options included staying with Tri-State and working to increase contract flexibility, fully exiting the contract, or finding a middle option. After making no progress to obtain an exit figure from Tri-State, LPEA filed a formal complaint with the PUC in November of 2019, asking the state’s regulating body to exercise its authority to help LPEA secure a just and equitable exit charge.

“The recommended decision provides one more piece of LPEA’s power supply puzzle,” said LPEA’s CEO Jessica Matlock. “We’ve been asking for this number for a long time so that we can fully evaluate our options and determine the best course of action for our members – and the ALJ has finally provided that for us. We aim to provide clean, reliable power to our members at a reasonable cost. Given the largest portion of our budget comes from purchasing power, it is

our fiduciary responsibility to explore all cost-saving options. Now we will finally be able to do so.”

LPEA estimates that it would save hundreds of millions of dollars over the life of its contract with Tri-State by exiting early, while also hitting its emission reduction goal 10 times faster. That would reduce LPEA’s CO2 emissions by 8.8 million metric tons between 2020 and 2040, equivalent to removing 96,000 cars from the road every year for 20 years. While the exact exit charge is not yet final, the methodology proposed by the PUC is based on the exit figures for Delta Montrose Electric Association and Kit Carson Electric Cooperative, which according to Tri-State officials “made the other (Tri-State) Members whole, fulfilled their contractual obligations, and were just and reasonable.”

“This gives us the chance to chart our own energy future for southwestern Colorado—the very reason we filed this case in the first place,” said Matlock. “We look forward to a final resolution at the Colorado PUC in the coming weeks. Should this exit charge be affirmed, it will be up to our board to decide which of the three options is in the best interest of our membership.”

Parties have 20 days to file exceptions, and responses to any exceptions must be filed within seven days. If no exceptions are granted by the Commission, the recommended decision will become final.

LPEA is a member-owned, not-for-profit, electric distribution cooperative serving La Plata and Archuleta, with segments of Hinsdale, Mineral and San Juan counties. LPEA is the fifth largest cooperative of 22 in Colorado, and aims to provide safe, reliable electricity at the lowest reasonable cost to its approximately 34,500 members. For additional information, contact LPEA at 970.247.5786 or visit www.lpea.coop.

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