

Electric co-ops win rate stay against Tri-State | ABQJournal Online

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Tri-State Generation and Transmission Association lost a bid to immediately impose a rate increase on some 140,000 rural electric cooperative customers in New Mexico. The Colorado-based association, which sells power wholesale to 12 local electric cooperatives, asked the New Mexico Public Regulation Commission to reverse a decision in December to suspend the rate increase while it reviews Tri-State's justifications for raising prices.

Tri-State had planned to raise wholesale rates in New Mexico by about 5 percent starting Jan. 1, which could push retail prices for customers up by between 7 percent and 10 percent, according to leaders from the co-ops. But the five-member commission voted unanimously Wednesday to keep rates frozen until the PRC completes its hearings in the case. The commission listened to testimony Wednesday from Tri-State and from New Mexico cooperatives that have protested against the rate hike. They also heard from many elected officials, business leaders and consumers in communities served by the co-ops, who showed up en masse at the meeting.

This is the first time since 2000, when Tri-State merged with Plains Electric in 1999 to become the monopoly power supplier for New Mexico's cooperatives, that the PRC formally will review Tri-State's rate policy. Since the merger, it has raised rates seven times without hearings, because the terms of the Plains Electric acquisition and New Mexico legislation only call for PRC intervention when three or more electric cooperatives protest against a rate hike, something that had not happened until now. As a result, Tri-State's rates have increased by 95 percent in the last 14 years, said Peter Adang, board trustee at Kit Carson Electric Cooperative in Taos. "The wholesale price has gone from 3.6 cents per kilowatt hour in 2000 to over 7 cents today, and those increases have never been reviewed by the PRC," Adang told the commission. "Tri-State has yet to produce a single iota of evidence that it needs another rate increase."

In fact, despite the statutes authorizing the PRC to intervene in rates if three or more co-ops request it, Tri-State rejects PRC jurisdiction in the case, which it says violates interstate commerce clauses in the U.S. Constitution. That's because Tri-State supplies power to 44 co-ops in four different states. Tri-State has two court cases pending against the PRC's intervention, one that it filed in U.S. District Court and one in the Supreme Court for an injunction against the PRC's suspension of the rate hike.

"This is a very big case for Tri-State," said Tri-State Senior Vice President and General Counsel Ken Reif. "It's viewed as a significant challenge to how we've done business for 66 years." But PRC staff said the decision by four co-ops to protest the new rate increase provides the PRC with its first opportunity to change the way Tri-State operates in New Mexico. "Staff agrees this is a huge case with tremendous impact in New Mexico," PRC staff attorney Cydney Beadles told the commission.