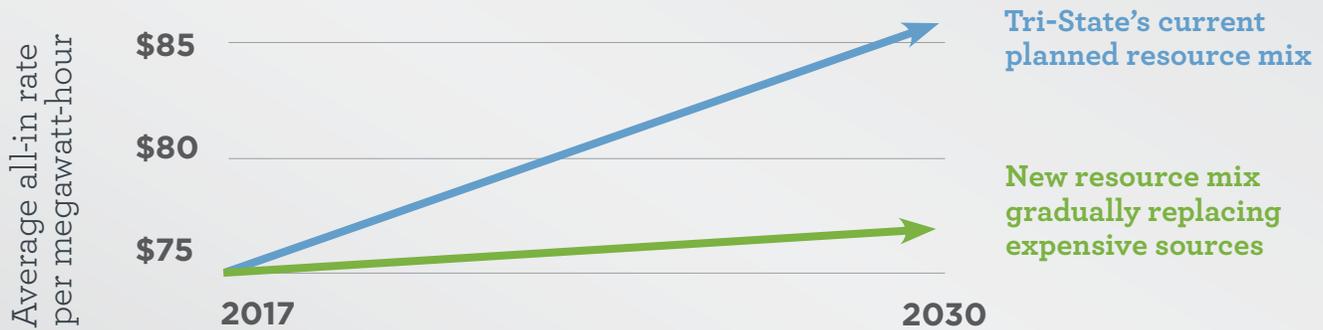


Ensuring Your Rural Electric Co-op Really Works for YOU: Keeping rates down through cost-effective energy sources

Projected Tri-State Electricity Rates (2017-2030)



Data Sources: [Tri-State 2017 Form 10-K](#) and [Rocky Mountain Institute](#)



WHAT IS TRI-STATE G&T?

If your electricity service comes from a rural electric cooperative, you are a member and part owner of the co-op together with all the residents and businesses the co-op serves. As a part-owner, you have a voice in how your nonprofit co-op can best serve you and your local community.

In Colorado, New Mexico, Wyoming and Nebraska, there are 43 co-ops that buy their electricity from the wholesale energy supplier Tri-State Generation and Transmission Association. “G&Ts” like Tri-State are co-owned by the local co-ops that buy their electricity from the G&T, each of which has a say in its decisions.

Tri-State requires local co-ops to buy virtually all of their electricity—at least 95 percent—from the G&T for the next two decades. As a result, the rate Tri-State charges local co-ops for power in turn dictates the rates residents and businesses pay on electric bills.

New Report on Tri-State System Charts Path to Lower Costs

Members of co-ops that buy electricity from Tri-State have seen their electricity rates rise steadily in recent years—including a more than 15 percent increase in average total rates from 2011-2017, according to federal government reports filed by Tri-State.

Are more rate hikes coming? A recent [analysis](#) by Colorado-based Rocky Mountain Institute (RMI) finds that Tri-State’s rates will continue to spike higher in coming years if the G&T stays the course with its current energy mix. But the RMI analysis also shows that most of these increases can be prevented if Tri-State responds to changing energy markets and gradually shifts away from its most expensive power plants.

What is driving cost increases at Tri-State?

Consider this finding from RMI’s report: power generated by Tri-State’s Escalante or Springerville power plants now costs almost *twice* as much as the cost of building and operating new wind energy facilities, and at least 30 percent more than new solar. Today’s economic reality is that energy from sources like solar and wind costs less and less, while

aging coal-fired power plants are costing more. This is a risk for Tri-State and its member co-ops—if changes aren't made—but it is also an opportunity to avert higher costs through a steady transition.

While Tri-State is making some changes to diversify its resource mix, it is still reliant on an older fleet of coal-burning plants for the majority of its power. Looking ahead, RMI finds that this status quo path will lead to another 15 percent increase in average total rates for co-op members by 2030. And if escalating Tri-State rates prompt members to seek more economic alternatives for their power, as the market would expect, there is a risk of even steeper rate increases as costs are spread across a shrinking base of payers.

How can these rate hikes be averted?

The good news is that there is still time for Tri-State to adapt to a quickly changing energy economy in order to keep rates down. According to the RMI report, a gradual transition away from Tri-State's increasingly expensive coal-fired power plants by 2026—and replacing them with a combination of market purchases, wind and solar—is a reliable path that will keep rates *virtually flat* over the next 12 years. Members *would save about \$600 million* over the status quo option, and the threat of sharp rate increases from members turning elsewhere for more affordable power would be greatly reduced.

Other large utilities are already making or planning similar transitions, such as Xcel Energy in Colorado and Great River Energy in Minnesota, another co-op G&T. Local jobs and the other economic benefits that come with investment in new local energy resource construction are an added benefit. For example, Xcel just received final approval of a plan to retire two power plants in Pueblo, Colorado and to build new solar and battery storage projects in their place. By transitioning to more economically competitive generating resources, Xcel is investing \$2.5 billion across eight Colorado counties and saving customers a projected \$215 million on electricity costs.

What can co-op members do?

For investor-owned utilities such as PNM or Xcel, state regulators are tasked with reviewing and guiding company proposals on matters like energy sources and rates. But at a member-owned co-op G&T like Tri-State, it's local co-ops and co-op members who provide direction and oversight. Here are a few ideas of ways that co-op members can help ensure their electricity providers are seizing opportunities of the changing energy market:

- Share this summary of RMI's report, or the [study](#) itself, with your neighbors and other co-op members—either in print, by email, or by posting a link to social media.
- Share the RMI report and summary with the managers and directors of your local co-op. If their contact information is not listed online, call your co-op to ask for their email addresses. Ask them for their views on the findings and recommendations, and urge them to share the study with all co-op members.
- Attend your co-op board meetings and ask for discussion about the issues raised in the RMI report. If there isn't an upcoming meeting in the near future, ask your co-op to convene one. If your co-op isn't responsive, ask fellow co-op members to make the request together through a joint letter or petition.
- To help broaden the range of co-op members in your area who see the report findings, share the report with your local news outlets or consider authoring a letter to the editor of your local newspaper that raises issues highlighted in the report.
- City, town and county leaders may also be interested in hearing about the findings of the report and what it means for the families and businesses they represent. Share it with them at a council meeting or other venue.