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General Manager



CO-OP NEWS

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GENERAL MANAGER'S REPORT

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Planning and Regulations

Fall is in the air and it's a welcome presence here at the cooperative. This past summer was a long and hot one and we are happy to welcome the cooler weather and a much more pleasurable working environment.

In this month's article I want to bring you up to speed on some regulatory issues we are dealing with both with the state of Colorado and on a federal level. More and more of my time is spent dealing with regulatory issues to make sure our cooperative interests are represented, and our members are getting a fair deal on all levels.

This past month we also held a strategic planning session with the board, and this was facilitated by the Cooperative Finance Corporation, (CFC) of which we are a founding member. Below is some additional information on that planning process.

Strategic Planning

The board of directors and staff held a strategic planning session August 17th & 18th. During the session we outlined what we thought our strengths, weaknesses, threats, and opportunities are for the future. We discussed in length what our mission is to our members

and prioritized the most important part of that mission, which is "providing our members with **reliable, affordable, responsible** electricity with quality service now and in the future".



Each of the above bold words might have a different meaning for each of you but as you can see **reliable** is the first bold word in the mission statement. We believe this is the most important part of our mission and the one that is under the most threat of being maintained.

At the local level we can control some of the reliability by maintaining our infrastructure in good working condition and restoring power due to outages in a timely manner for our members.

The big threat to reliability comes from overly aggressive renewable mandates on both the state and national level.

When I mention state, I'm talking about the state of Colorado, where Tri-State Generation and Transmission is located

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Colorado's Aggressive Renewable Mandate

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and where they have implemented an aggressive move to renewables. Overly aggressive mandates that call for the retirement of "dispatchable assets" to be replaced with "intermittent assets" before technology is in place to maintain reliability on the grid is



irresponsible.

When we talk about affordable electricity that doesn't mean the cheapest electricity. We absolutely want to be able to take advantage of the low cost, subsidized renewables to lower our cost of electricity, but we also have to maintain reliability to our members as well.

We believe our members want to be able to water their cattle, run their pivots, operate their pumping stations, and have power when they want it. Providing responsible electricity, to me means a diverse portfolio of assets such as wind, solar, coal, gas, and battery storage so we can continue to maintain reliability and affordability into the future. Diversity sounds like a commonsense approach, right?

Many legislatures in Colorado and on a national level could care less about

your reliability and cost; their main driver is carbon reduction implemented as fast as possible.

As far as the last part of our mission "quality service now and in

the future," you are a member of the cooperative, not just a customer. We are all in this together, and providing quality of service to our members is what separates us from investor-owned utilities. It is also our responsibility to make sure the cooperative is financially sound, and that we are able to meet all of the challenges now and in the future.

The board also set goals for the staff to achieve over the next few years. These goals are related to safety, finance, member engagement, power supply and human resources. We will review the progress on achieving these goals quarterly with the board.

Intervention at the Colorado Public Utilities Commission

I wanted to bring you up to speed on our intervention at the Colorado Public Utilities Commission (CPUC).

Wyrulec and the seven other Wyoming Tri-State cooperatives intervened in Tri-State's "Energy Resource Plan" (ERP) that was filed with the CPUC.

Colorado passed legislation requiring Tri-State to gain approval from the state of Colorado on what resources it was going to use to supply power to its members in the future.

In my opinion, this was just another

way for the CPUC to gain regulatory control over Tri-State and make Tri-State implement a plan to comply with Colorado's renewable energy mandate, which is 80% carbon reduction by 2030.

The reason we intervened in this process was because the only way for Tri-State to comply with the 2030 date was to retire almost all of its "dispatchable" coal assets and reduce its output from Laramie River Station located in Wheatland, Wyo.

Once again, because of regulatory overreach, we are put in a position to choose between renewables, reliability, and cost. At this point it is still questionable if Tri-State can even meet their preferred plan with technology that is available today and maintain reliability in extreme conditions like last winter's cold weather event in February.

To go even further, the CPUC wanted additional scenarios run with all coal assets coming offline earlier than what Tri-State proposed, and in turn massively overbuilding renewables and new transmission at a cost of billions of dollars to the Tri-State rate payers (which is you).

I have attended numerous calls with all parties involved in this process, and not once has the CPUC discussed the impact on reliability or the increase in cost to our rate payers. The only driver is carbon reduction!

We cannot let one state drive the reliability and cost to the rate payers in our state. It was not only important to intervene when we did, but more importantly to have our position

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One State Cannot Drive Reliability and Cost

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statement on record as 2023 approaches.

Tri-State will file a new ERP in 2023 and it will be very important as this is the acquisition period of assets to meet whatever plan is approved at the CPUC. This means the CPUC is going to be the entity that will dictate how Tri-State spends **your** money to build assets they feel are beneficial to meet "their" renewable mandates in Colorado.

We will reengage in this process on September 28th when the final scenarios are complete and Tri-State submits its testimony on the scenarios.

Intervention at the Federal Energy Regulatory Commission

As you know Tri-State recently became rate regulated by the Federal Energy Regulatory Commission (FERC). This was a step Wyrulec supported rather than having multiple states regulate Tri-State's rates, especially the regulatory bodies in Colorado and New Mexico. Most recent-

ly, Tri-State filed a tariff that allows a member to terminate their long-term contract obligation, which is a 40- or 50-year contract, as long as that member makes a contract termination payment (CTP) which keeps all other members whole.

What this means is the exiting member must pay Tri-State for its lost revenue as if they had honored their contract to expiration otherwise that member—at a minimum—must pay their pro-rata share of the debt that Tri-State has on its balance sheet.

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Wyo State Fair



* N Tracy Gifford *

Cody Gronewold was in charge of the pole climbing demonstration, which allows members of the public to try climbing a power pole using the same equipment the linemen use to perform their job.



Boyd Wagner worked at the Wyoming Cooperative Information booth, educating the public about electrical safety, energy efficiency, and cooperative membership.

Contract Termination Payment Required

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This CTP makes sure that the remaining members aren't paying the exiting members' contract obligations when that member leaves.

United Power located in Brighton, Colo., and LaPlata Electric Association located in Durango, Colo., have both filed complaints in reference to the CTP methodology.

Their complaint is that the methodology creates too big of a buy-out number for them to pay to relieve them of their obligation.

Because it's very important for any member that leaves Tri-State to pay their fair share when they exit, Wyrulec and the seven other Wyoming Tri-State cooperatives filed a motion to intervene as parties who have a direct impact in the outcome of these proceedings. This will also allow us to get all the information in the docket and allow us to have a seat at the table if any of the tariff or buy-out methodology is negotiated.

Again, we must protect our rate payers from other parties who no

longer share a common interest in the cooperative business model.

I will keep you posted on how this process progresses.

Contact me

If you have any questions about these issues or other matters pertaining to your cooperative, you can reach me via email at rschilreff@wyrulec.com or on my cell phone at 307-575-2435.

ARE HOME ELECTRONICS AND APPLIANCES DRAINING YOUR ENERGY?

If you collect your spare change in a jar, all those coins add up over time, usually to a larger amount than you expect.

Small amounts of consumed energy throughout your home add up as well, so plug "energy vampires" into a smart power strip that detects dormant devices or unplug items when not in use, especially those with illuminated controls.

TOP NINE ENERGY VAMPIRES

