

Please support SB 39**Permit REAs to encourage energy efficiency
through rate deregulation****What SB39 Does**

SB 39 permits REAs the freedom to take a step toward real-time market pricing of electricity. As finding new generation capacity becomes more expensive and difficult, utilities need new freedoms to price their product in a way that encourages energy conservation and efficiency.

Electric utilities are looking to inclining block rates as a free market and deregulatory approach to dealing with increasingly costly and hard to acquire new sources of energy.

But legislation is needed to explicitly authorize electric cooperatives to adopt inclining block rates. There is no prohibition anywhere in current law. However REAs will likely not implement such pricing mechanisms unless legal clarity is provided by the legislature. SB39 does just that. It does not mandate inclining block rates or any particular rate design.

Please Oppose the IREA Amendment

The IREA amendment would gut the entire purpose of the bill – to protect REAs from legal challenges should they choose to adopt an inclining block rate structure.

By statute, REA rates must be just, reasonable and nondiscriminatory. SB 39 simply states that inclining rate blocks are nondiscriminatory. That is necessary because the Colorado Supreme Court ruled in the late 1970's that a rate for low income customers was discriminatory (the Mountain States Legal Foundation case). That same precedent creates legal uncertainty for inclining block rates, as well.

IREA's amendment strikes the sentence in SB39 protecting cooperatives from a complaint based on a charge that an inclining block rate is prejudicial or discriminatory. This is the main purpose of the bill -- to provide legal protection to an electric cooperative against a discrimination claim.

This does not mean a cooperative customer has no grounds to file a complaint with the PUC with respect to an inclining block rate. **The cooperative customer can still complain to the PUC that the inclining block rate is unjust or unreasonable.**

Neither IREA nor any other cooperative is required SB39 to adopt inclining block rates. SB39 simply authorizes another tool to promote energy efficiency.

*Please call Jeff Weist (303-884-0727), Erin Silver (303-921-2402)
or Patrick Boyle (303-882-2189) with any questions.*

Supported by: Holy Cross Energy, Colorado Rural Electric Association, Delta-Montrose Electric Association, Environment Colorado, Governor's Energy Office