

RESOLUTION NO. 011-2019

**A RESOLUTION OF THE TOWN OF CRESTONE
ADOPTING MEDIATION "TERMS OF SETTLEMENT OF RATE CHARGES"
WITH SAN LUIS VALLEY RURAL ELECTRIC COOPERATIVE**

WHEREAS, the San Luis Valley Rural Electric Cooperative (SLVREC) adopted new rates for its retail electric service, effective April 1, 2019, which included demand charges for residential and small commercial service; and

WHEREAS, the Town of Crestone, Colorado (Town), in conjunction with individual complainants, alleged the new rates were unjust, unreasonable, and discriminatory and imposed without proper notice; and

WHEREAS, the parties thereafter engaged in mediation and have reached a Settlement Agreement, attached hereto as Ex. A, and incorporated herein by reference; and

WHEREAS, the Town has considered the terms of the Agreement, after consultation with its attorney, and finds the same to be fair and reasonable for all parties; and

WHEREAS, it is necessary for the Town to take official action by resolution to adopt the terms of the Agreement and authorize the Mayor to execute the same on behalf of the Town.

NOW, THEREFORE, be it resolved by the Board of Trustees of the Town of Crestone that the Town of Crestone approves and adopts the Settlement Agreement (Ex. A.) and authorizes the Mayor (Kairina Danforth) to execute the same on behalf of the Town.

DONE and SIGNED this 11th day of November, 2019.



Allyson Ransom
Allyson Ransom, Town Clerk

Kairina Danforth
Kairina Danforth, Mayor

TERM SHEET

EX. A

This term sheet ("Term Sheet") among San Luis Valley Rural Electric Cooperative, Inc. ("SLVREC"), the Individual Complainants (defined below), and the Town of Crestone, Colorado (the "Town"), each individually referred to herein as "Party" and collectively as the "Parties," outlines the principal terms to be incorporated into a separate agreement (the "Settlement Agreement") to resolve the issues among the Parties relating to Colorado Public Utilities Commission proceeding numbers 19F-0315E and 19F-0351E (the "Proceedings"). The terms outlined below represent the major points of the anticipated Settlement Agreement.

Individual Complainants: The Individual Complainants are the individual complainants in proceeding number 19F-0315E and specifically include: Anne Pace, Allyson Ransom, William Miller, Lili Zohar, Robert Salmi, Mark Rosen, Kaye Shedlock, Doug Clark, Paul Koppana, Paul C. Kloppenburg, Bill R. Aldinger, Sydney Argenta, Signe Ramstrom, David Lee, John Rowe, Mark M. Bluestein, Janet Martinez, Joshua Hillman, Michael Manthey, Paul Shippee, Sheila Poor, Meryl Ennis, Justin R. Vanwart, Deborah Mickalak, Wendy Chanden, Vince Palermo, Deborah Crowley, and Gregg Conlee.

Non-Binding: This Term Sheet is not binding upon the Parties until ratified by SLVREC, the Town Council for the Town, and each of the Individual Complainants.

Major Terms of the Settlement Agreement:

- 1. Withdrawal of Complaints Without Prejudice:** Upon execution of the Settlement Agreement, the Town agrees to promptly withdraw its complaint in Colorado Public Utilities Commission proceeding number 19F-0351E, and the Individual Complainants agree to promptly withdraw their complaint in Colorado Public Utilities Commission proceeding number 19F-0315E (together with the complaint in proceeding no. 19F-0351E, the "Complaints"). By withdrawing their Complaints, the Town and the Individual Complainants do not release, and expressly reserve, any claims described therein or that otherwise could have been presented in the course of the Proceedings. SLVREC does not release, and expressly reserves, any defenses to the Complaints raised in its answers thereto or that otherwise could have been presented in the course of the Proceedings.
- 2. Interim Rate:** SLVREC agrees to put in place an interim rate for each of Schedule A and Schedule A-TOD (collectively, the "Interim Rate"), which shall include only the following rates and charges, plus any currently-applicable taxes:

Schedule A:

Customer Charge:	\$35.40 per meter, per month
Demand Charge:	\$1.03 per kW, during the highest 15-minute demand increment during the billing month

Energy Charge: \$0.117 per kWh

Schedule A-TOD:

Customer Charge: \$39.40 per meter, per month (single phase)
\$47.15 per meter, per month (three phase)

Distribution Demand Charge: \$0.50 per kW, during the highest 15-minute demand increment during the billing month

Purchased Power Demand Charge: \$0.80 per kW, during the highest 15-minute demand increment during the On Peak period (12:00pm to 10:00pm, excluding Sundays)

Energy Charge: \$0.09 per kWh

The Interim Rate shall take effect no later than December 1, 2019, and shall last until March 31, 2021, unless otherwise agreed to by the Parties. The period in which the Interim Rate is in effect shall be referred to herein as the "Interim Period."

Any residential or small commercial member of SLVREC can opt into either Schedule A or Schedule A-TOD for any reason, and without special approval from SLVREC.

3. **Stakeholder Process:** SLVREC shall implement a stakeholder process during the Interim Period in order to receive input from its members regarding SLVREC's rate design and regarding the Replacement Rate (the "Stakeholder Process"). The Stakeholder Process shall occur during 2020 and shall consist of meetings involving members including a representative of the Town and at least one representative of the Complainants. SLVREC shall seek to have diversity among the participating members in the Stakeholder Process, including with regard to geography across SLVREC's service territory and with regard to different rate classes. The meetings will concern education regarding issues concerning rates and rate design and the opportunity for members to make rate design proposals. SLVREC shall provide notice to its members of opportunities for involvement in the Stakeholder Process. In addition, SLVREC shall provide an opportunity for any member or other interested stakeholder to provide written comments to inform the Stakeholder Process. Such written comments shall be made publicly available.

SLVREC shall analyze and consider during the Stakeholder Process, among other matters: (i) whether demand charges or other rates considered for the Replacement Rate create inter-class subsidies, including from smaller users to larger users; (ii) whether small commercial and residential customers should remain in the same rate class or be separated into distinct rate classes; and (iii) the extent to which and schedule over which existing subsidies provided from residential classes and to irrigation classes should be eliminated.

SLVREC shall produce at least one interim report during the Stakeholder Process, and one final report at the conclusion of the Stakeholder Process (collectively, and together with any other reports produced during the Stakeholder Process, the “Reports”). The Reports shall be made publicly available on SLVREC’s website and shall be otherwise made available in hard copy to any interested member of SLVREC upon request. Confidential information may be redacted from the Reports before they are made publicly available. The Reports shall collectively explain the process that SLVREC undertook in the Stakeholder Process to consider and develop a Replacement Rate. The final report shall explain SLVREC’s rationale for selecting the Replacement Rate.

SLVREC shall, upon request, provide the Town, the Individual Complainants, and expert consultants retained by the Town and/or the Individual Complainants all data SLVREC previously provided to the Prime Group as part of the process to prepare a cost of service study in 2018. SLVREC shall, upon request, provide the Town, the Individual Complainants, and expert consultants retained by the Town and/or the Individual Complainants all other data in SLVREC’s possession, which may be pertinent to rate design. To the extent the following data are not in SLVREC’s possession, SLVREC shall collect the following data for the then most recent 12-month period: (i) meter number or other customer identifier; (ii) whether the customer is residential or commercial; (iii) whether the customer receives service under Schedule A or Schedule A-TOD; (iv) days of valid data in each month; (v) customer sales by month; (vi) kWh sales by time period (i.e., the window demand time period and all other hours); (vii) customer peak demand coincident with system peak in each month; (viii) customer peak demand coincident with annual class peak; (ix) customer non-coincident peak demand (by month); and (x) whether the customer has solar generation. Provision of any confidential data may be conditioned upon signing of confidentiality agreements.

4. **Customer Education:** SLVREC shall undertake customer education about the nature and anticipated impacts of the Replacement Rate prior to implementing the Replacement Rate. If the Replacement Rate for Schedule A and Schedule A-TOD includes a demand charge, or any other sort of mandatory charge other than a simple fixed-fee customer charge and volumetric energy charge, SLVREC shall explain how such a charge functions and how individual members can prepare for and respond to such a charge in its education efforts.
5. **Meter-Reading Fee:** The meter-reading fee for any member that has opted out of using an advanced metering infrastructure (“AMI”) meter shall remain at \$10 per month during the Interim Period. During the Interim Period, SLVREC shall conduct a study to determine the actual costs of reading non-AMI meters. Any charge to read non-AMI meters after the Interim Period shall be based on the results of such study.
6. **Bill Assistance:** SLVREC shall promptly make information readily available to all members regarding SLVREC’s budget billing process and other bill relief options. In the event that: (i) a residential member experienced difficulty in paying one or more electric bills corresponding to usage between April and November, 2019, and such difficulty was

due in part to the imposition of a demand charge during that period, and (ii) such member is not eligible for budget billing *or* SLVREC cannot secure sufficient outside funding to cover such member's outstanding balance and late fees, then SLVREC shall not charge such member any late fees or interest associated with such member's delay in paying electric bills corresponding to usage between April and November, 2019.

7. **Net Metering Rate:** During the annual true-up in 2020 for SLVREC's members with on-site distributed solar generation, SLVREC shall credit any excess generation produced by the members in the amount of SLVREC's average wholesale rate as determined based on the prior calendar year's wholesale rates.