Robin Isaacs

From: Larry Miloshevich <Larry@EnergyFreedomCO.org>
Sent: Wednesday, March 07, 2018 3:14 PM
To: Committee on Energy Choice
Subject: Nevada RTO options [Robin Isaacs: for CEC members]

Dear Chair Hutchison and Committee Members,

I respectfully suggest that it could be of **great value** to you to become acquainted with the on-going consideration of an RTO and wholesale markets at the Colorado PUC, particularly the informational hearing on 3/20.

This suggestion arises from watching the CEC meeting on 3/7, particularly the presentation by former FERC Commissioner Marc Spitzer and his strong recommendation that Nevada needs to be part of an RTO in order to fully enjoy the benefits of retail choice. Mr. Spitzer described the two existing choices for Nevada, CAISO and SPP, but he did not mention another possibility, namely the recent alliance between Peak Reliability and PJM Connext to stand up a **new RTO** in the Western Interconnection.

Colorado, specifically the Mountain West group of utilities, wants to join SPP, but the Commissioners are insisting upon hearing about **all of our RTO options**, and these will be discussed on 3/20, including the new Peak/PJM RTO option. Interested Committee members may want to watch the proceeding and/or communicate with CO PUC Staff on this matter.

I believe it would be mutually advantageous to the Nevada CEC and PUCN, and the Colorado PUC and Mountain West group, to communicate soon and in depth on the options for RTO membership. Yet another possibility involves a **new RTO** in the Western Interconnection that includes Mountain West, Nevada utilities, and other interested Western utilities. The time is now to explore this option, as Mountain West is proceeding with speed toward the potentially less than optimal solution of joining SPP.

I would be happy to discuss this matter, supply contact information for Colorado PUC Staff, or assist in any other way to promote timely and necessary discussion of the future of wholesale markets in the Western Interconnection.

Finally, I will mention that I am part of a group called Energy Freedom Colorado that researches, educates and advocates toward more competition in the electricity sector in Colorado, both wholesale and retail. Please see the material at EnergyFreedomCO.org and our About page for more about our organization and our research on retail choice.

With best regards,

Larry Miloshevich
303-665-9707

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Summary of the Mountain West initiative: http://energyfreedomco.org/wholesale.php
Webcast of CO PUC hearing (3/20 9am MT): http://www.dora.state.co.us/pacific/Webcasts/a.html
CO PUC docket no 16I-0896E about the Mountain West initiative
CO PUC Chief Staff member, Drew Bolin: drew.bolin@state.co.us
Also see Retail Choice Best Practices, and many other relevant materials on our website

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March 21, 2018

Governor's Committee on Energy Choice
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Honorable Governor and Committee Members:

The Board of Commissioners of White Pine County is writing this letter to let you know that we strongly oppose the Energy Choice Initiative and are asking to be exempt from it entirely. White Pine County residents are currently served by Mt. Wheeler Power Electric Cooperative along with all or parts of Eureka, Elko and Nye counties in Nevada, and the western parts of Juab, Millard and Tooele counties in Utah. The Cooperative is directly owned by each of the members it serves. Any earnings in excess of operating expenses are returned to the member-owners after they have been held for a period of time to provide capital for essential services. Its Board of Directors is selected through democratic tri-annual district elections. This means that cooperative members have a direct say in how their electrical provider operates and the ability to provide feedback on their performance.

White Pine County is considered a frontier County with many remote areas. No other energy provider would find it economically feasible to service the residents living here. Because of this, the State would find it difficult to identify a company that would be willing to serve as the Provider of Last Resort to White Pine County. This is evidenced by history! This exact dynamic created the need for cooperatives and rural electric providers to serve the rural, sparsely populated areas of Nevada that were deemed "unprofitable" by investor owned utilities. The Choice Initiative pre-supposes a level of infrastructure that does not exist in rural Nevada and Utah. Mt. Wheeler Power is located in White Pine County. They are already here, providing reliable service and being responsive to their membership. This not-for-profit and at-cost model has proven to be the best to provide service to the underserved areas of our State and country.

After in-depth research, we question whether or not Cooperatives were ever intended to be included in the Energy Choice Initiative in the first place. In all of the testimony and discussion, NV Energy was named consistently, probably due to their large number of consumers across the state. It is the language of the Initiative which describes how rural electric cooperatives operate by looking to generation resources in an available market to provide our members/consumers with a reliable, lowest available cost product to safely energize and heat

homes and businesses while still effectively operating and maintaining the necessary distribution assets to secure the delivery of that resource to those members/consumers utilizing the facilities owned by those respective associations of members with no profit motive.

One detail that uniquely impacts the Rural Utilities is interstate service to adjacent States and jurisdictions. Of the fifteen separate utilities that provide electric service to residents within Nevada, seven are interstate providers. Some of these providers principally operate and headquarter in a State adjacent to Nevada – does this mean those Nevadan customers may be stranded with no provider? Further, what impacts will this have with these neighboring Rural Utilities who provide an invaluable service to rural Nevadans and have invested and built systems, infrastructure and resources based on load they prudently planned for in Nevada? There are also difficulties on how Nevada Rural Utilities will serve members in other States – how will Mt. Wheeler Power, for example, serve its customers in Utah? We must have a solution for these potential problems with our neighboring States because the benefits of "choice" to these customers will be no benefit at all. These are some of the items of "collateral damage" that were never contemplated or even considered when the authors developed this concept.

Cooperatives in particular, have access to USDA Rural Development monies. White Pine County is currently working with Mt. Wheeler Power to obtain a USDA-RD Interest-free loan to assist with the County's much needed Justice Center project. The $1 million in funding being applied for will assist in replacing the existing courthouse which is over 100 years old with a new, secure facility, providing the needed expansion to the County jail and upgrading the existing public safety building. Placing the Cooperative at risk through deregulation will jeopardize this current funding opportunity and future funding opportunities.

Under the Energy Choice Initiative, Nevada would become the first State to decide to deregulate without having a wholesale electricity market in place. Proposing that Nevada could join California's electricity grid is a dangerous and uncertain option that would cause us to lose control of our energy future and increase our reliance on out-of-state energy providers. Given that California's energy rates are more than double what we see here, it is certain that our communities would be negatively impacted with additional expenses. In addition, this approach would force Nevada to turn over many governance and oversight duties for our electricity system to California politicians and the FERC, which is not desirable.

The initiative was not directed at rural cooperatives as clearly stated in the February 14, 2018 article in the Nevada Independent entitled, "Indy Q&A: In exclusive, Switch CEO Rob Roy open up on energy choice ballot questions, conflicts with NV Energy." Mr. Roy's intended aim is precisely directed at NV Energy. If you read the Description of Effect on the back page of the initiative petition filed with the Secretary of State's Office on February 3, 2016, it states, "Subject to *limited exceptions*, Nevada law authorizes a *single utility* to provide electric service to customers in each electric service territory in the state. *The utility is owned by investors and provides service to Nevadans under a legal monopoly.* As such, most electricity customers are required to purchase their electricity from a single provider, and the customers cannot purchase electricity from any other entity." It is clear that rural cooperatives are the "limited exception" and NV Energy is the "single utility" since it is they who have the "legal monopoly" as stated. Mt. Wheeler Power Electric Cooperative should be exempted from this initiative.

We strongly encourage the State to listen to the voice of the people. White Pine County was the only County in the State to defeat State Question Number Three on the 2016 ballot. Residents voted against an open, competitive retail electric energy market because the presence of our existing rural electric cooperative provides the necessary services in an efficient, cost-effective manner.

When Nevada considered the restructuring of Nevada's energy industry in the past, legislation specifically provided an exemption for electric cooperatives. We believe this exemption should be maintained and encouraged; we are asking you and the PUCN to incorporate an exemption for electrical cooperatives when adopting regulations for the current Energy Choice Initiative.

Respectfully,

Richard Howe
Commission Chairman