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If you're a member of White River Electric, you're in for a nice surprise — actually, two of them.

WREA's wholesale power provider, Tri-State Generation and Transmission (Tri-State), announced to its members that there will not be a rate increase in 2025. Since nearly 80% of White River Electric's (WREA's) annual expenses are tied directly to the cost of purchased power, White River Electric is pleased to announce that it will also hold its end-consumer rates steady in 2025. While welcome news, Tri-State's announcement came as a bit of a surprise to those who have been following the G&T's tumultuous journey with the Federal Energy Regulatory Commission (FERC) over the past year.

Last fall, Tri-State announced that it would be executing a 6.36% rate increase to all its members, effective January 1, 2024 — pending the approval of the FERC, which is the government body responsible for regulating electricity markets and overseeing rate adjustments for Tri State. With no reason to believe the proposed rate adjustment would be disputed, WREA determined it would need to pass the rate increase to its members to remain revenue neutral. As such, WREA implemented the rate adjustment effective January 1, 2024. In an unexpected announcement on December 31, 2023, just hours before the new rates were to take effect, the FERC rejected the rate adjustment submitted by Tri-State.

This last-minute ruling and subsequent delay in approving the new rate complicated matters for distribution cooperatives when Tri-State quickly refiled the rate increase and requested that it be made retroactive to January 1, 2024.

“We felt like pawns in a game of chess,” said Alan Michalewicz, General Manager/CEO for WREA. “We knew that we didn't want to impose a true-up billing to our consumers at the end of the year if the rate was approved, retroactively. Since we (WREA) installed our rate on January 1st, we hoped we'd be in the position to return some of the rate increase to our members once the ruling was made- and now we are.”

Following several resubmissions by Tri-State, and unanticipated regulatory stalls along the way, the FERC ruled in July that Tri-State's rate adjustment would be accepted as submitted but could not be made retroactively. As such, Tri-State's new wholesale rate became effective August 1, 2024.

“This was a good outcome for WREA and its members,” said Michalewicz. “The non-retroactive ruling put the ball back in our court and allowed our board to determine how best to return the excess to our members.”

During the November board meeting, the WREA Board of Directors approved to return \$2 million dollars to 2024 members — which represents excess revenue collected for the first seven months of 2024. The credit will be distributed equitably among all members based on their actual electric usage for 2024. Active members will receive a bill credit that will directly reduce the amount owed in December and inactive members can expect a refund via check.

While being able to return the excess revenue is a positive outcome for WREA, it highlights the complex dynamics that exist between the wholesale power provider and the regulatory process that governs rate structure. “This rate design stuff is tricky, and everyone has an opinion on what makes the most sense.” said Michalewicz. “We're happy with the FERC ruling and glad to be in a position to return any excess revenue directly to our consumers in the same year it was earned.”

WREA members can contact customerservice@wrea.org or call 970-878-5041 with any questions.