

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) 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,” is effective as of October 30, 2019 (the “Effective Date”).

Recitals

WHEREAS SLVREC adopted new rates for its retail electric service, effective April 1, 2019, which included for the first time demand charges for residential and small commercial service under SLVREC’s Schedule A and Schedule A-TOD rates;

WHEREAS the Individual Complainants filed a Formal Complaint on June 4, 2019 and an Amended Formal Complaint on August 30, 2019 with the Colorado Public Utilities Commission (Proceeding No. 19F-0315E), collectively alleging that the new rates were unjust, unreasonable, and discriminatory, and that the new rates had been imposed without proper notice;

WHEREAS the Town filed a Formal Complaint on June 18, 2019 with the Colorado Public Utilities Commission (Proceeding No. 19F-0351E), collectively alleging that the new rates were unjust and unreasonable, and that the new rates had been imposed without proper notice; and

WHEREAS the Parties wish to settle the matters in the Proceedings.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and for good and valuable consideration, the Parties agree as follows:

1. **Definitions:** Where the context so indicates or requires, each defined term stated in the singular includes the plural, and each defined term stated in the plural includes the singular. Unless otherwise stated, capitalized terms in this Agreement shall have the definitions stated in the subparagraphs below, or as defined elsewhere in this Agreement.
 - a. **Individual Complainants** means 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.
 - b. **Proceedings** means, collectively, Colorado Public Utilities Commission proceeding number 19F-0315E and Colorado Public Utilities Commission proceeding number 19F-0351E.
 - c. **Replacement Rate** means the electric rates for SLVREC’s retail electric service that shall go into effect after the Interim Period.

Settlement Agreement among SLVREC, Individual Complainants, and Town of Crestone

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- 2. Withdrawal of Complaints Without Prejudice:** The Town agrees to withdraw its complaint in Colorado Public Utilities Commission proceeding number 19F-0351E before or promptly after the Effective Date, and the Individual Complainants agree to withdraw their complaint in Colorado Public Utilities Commission proceeding number 19F-0315E (together with the complaint in proceeding no. 19F-0351E, the “Complaints”) before or promptly after the Effective Date. 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.
- 3. 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.

4. **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.

5. **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.
6. **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.
7. **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.
8. **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.
9. **Governing Law; Disputes; Venue:** This Agreement shall be governed by Colorado law, without regard to choice of law principles. It is the intent of the Parties that any dispute be resolved informally and promptly through good-faith negotiation. Disputes regarding this Agreement or implementation thereof that are not resolved through good-faith informal negotiation may be brought before the Colorado Public Utilities Commission or a court of competent jurisdiction, as appropriate to the nature of the dispute.
10. **Informed Negotiations; Nature of Settlement:** This Agreement is the product of informed negotiations among the Parties and their representatives, including counsel, which will not be construed against any Party. In the event of an ambiguity in or a dispute regarding this Agreement or its interpretation, the Agreement will be interpreted as if each Party jointly and fully participated in its drafting, and the rule of *contra proferentem* shall not apply. Each Party hereto expressly assumes the risk of any mistake of fact or law, or that the true facts or

the law might be other or different from facts or law now known or believed to exist, or that the law may hereafter change, or that the Party or its rights may be affected by or over the passage of time or other changes in circumstances. It is the express intention of each of the Parties to settle, adjust, and compromise any and all disputes within the scope of the Proceedings, without regard to which Party may have been correct in its understanding of past, present, or future events or the law relative thereto. Each Party acknowledges that it has been advised by counsel of its own choosing that it has made a complete and independent investigation of the facts and law pertaining to the matters released herein, and that it has not relied and does not rely on any promise, representation, or warranty made by or on behalf of any other person concerning such matters except as may be expressly set forth herein.

- 11. Headings:** All section headings contained herein are only for convenience and ease of reference of the Parties. They do not constitute, and shall not be construed to constitute, a part of this Agreement, and shall not be considered in the construction or interpretation of any provision of this Agreement or the Parties' contracting intent.
- 12. Modification:** This Agreement can only be modified by a writing signed by all Parties, and this provision cannot be orally waived.
- 13. Severability:** If any non-material provision or any non-material portion of any provision of this Agreement is declared null, void, or unenforceable by any court or tribunal having jurisdiction, then such provision or such portion of a provision shall be considered separate and apart from the remainder of this Agreement, which shall remain in full force and effect.
- 14. Notice:** All notices regarding this Agreement or implementation thereof shall be sent via electronic mail or mailed by certified mail, postage prepaid to the following individuals, unless a Party provides written notice to the other Parties that a new individual has been designated for receipt of notices.

For any or all of the Individual Complainants:

Sarah Keane
Kaplan Kirsch & Rockwell LLP
1675 Broadway, Suite 2300
Denver, CO 80202
skeane@kaplankirsch.com

with an electronic copy to:
Lili Zohar, liliezohar@gmail.com and
Anne Pace, anniepace@gmail.com

For SLVREC:

David Dodero
Hoskin, Farina & Kampf, P.C.
200 Grand Avenue, Suite 400
Grand Junction, CO 81501
ddodero@hfak.com

and

Loren Howard
San Luis Valley Rural Electric Cooperative, Inc.
3625 US Hwy 160 W
P.O. Box 3625
Monte Vista, CO 81144
lhoward@slvrec.com

For the Town:

Kairina Danforth
Town of Crestone
PO Box 64
Crestone, CO 81131
kdanforth.townofcrestone@gmail.com

and

Allyson Ransom
Town of Crestone
PO Box 64
Crestone, CO 81131
kdanforth.townofcrestone@gmail.com

with an electronic copy to:

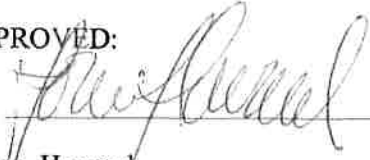
Sam Pace, space.townofcrestone@gmail.com, *and*
Brandon Dittman brandon@kandf.com

- 15. Authority to Sign; Counterparts:** Each person signing this Agreement possesses the authority to enter into this Agreement on behalf of the signing Party. This Agreement may be signed in counterparts, and each signed counterpart shall be considered an original version of the Agreement.

SAN LUIS VALLEY RURAL ELECTRIC COOPERATIVE, INC.

APPROVED:

By:



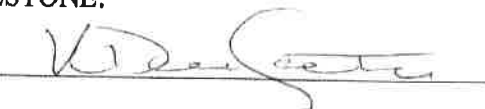
15 NOV 2019

Loren Howard

Chief Executive Officer

TOWN OF CRESTONE, COLORADO

APPROVED ON BEHALF OF THE BOARD OF TRUSTEES OF THE TOWN OF
CRESTONE:

By: 

Kairina Danforth
Mayor

ATTEST:

By: 

Allyson Ransom
Town Clerk