

Public blasts Socorro Electric Coop over rate hike

By Wanda Moeller - El Defensor Chieftain Editor June 5, 2019

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It's been 10 months since Socorro Electric Cooperative first announced to its membership it was pursuing a hefty rate increase.

Monday night, electrical users retaliated by grilling SEC's General Manager Joseph Herrera, asking him why residential users will have to pay the blunt of the electrical rate increase.

Herrera said the hike was a necessary cost of doing business during a New Mexico Public Regulation Commission hearing in a packed Socorro City Council chambers which lasted nearly two hours.

Herrera said SEC trustees reviewed operations in 2016, and did as much as possible to reduce controllable expenses. In 2017, a Cost of Service Study was completed to determine the margins of each rate class. The study revealed SEC needed to increase rates to sustain its business.

"SEC Board of Trustees has managed the cooperative's expenses for the past seven years without a rate increase," he said. "But fixed costs for providing electric service have increased while the energy sales for SEC have been in gradual decline for some time. This is the first rate increase in seven years."

His response, however, drew sharp rebukes from those in attendance.

"Why are the residential users taking the biggest hit of the rate hike?" Barbara Martinez asked. "To me your residential users are being more energy efficient and doing more things to conserve energy."

Others in attendance questioned why a flat rate increase across the board for all rate users wasn't considered, rather than pushing the burden on residential users.

Small business owner Lillian Armijo questioned the coop's financials. She pointed out that during the coop's recent annual meeting, the board said it had a profit of \$1 million.

"Why are we raising rates if there's \$1 million on the books?" Armijo said.

Socorro City Councilor Gordy Hicks wanted to know when the last time SEC employees had an increase in pay.

Herrera said employees received a 2.5 percent increase in 2019. Prior to that, employees' last raise was in 2017.

Hicks also questioned why residential users were receiving the brunt of the increase.

"Residential users are the biggest users of electricity ... why are the increases the same across the board?" Hicks said.

Currently 48 percent of SEC's users are business users, the other 52 percent are residential consumers.

Others challenged Herrera on some of the coop's business practices. For instance, users asked why deposits are not the same for all of the co-op's clients and why couldn't capital credits be used to cover the rate increase.

Socorro Councilor Michael Olguin questioned the long-term agreement SEC with Tri-State until 2050. “Has it ever been discussed to exit out the agreement with Tri-State and go on the open market?” Olguin said.

Herrera said SEC trustees looked at mitigating risk.

“We’re getting reliable energy from a source,” he said. “How much risk do you want to manage? Tri-State has made investments to serve the load.”

During the public comment section, Camille Shelzi said she does not support the rate increase since the co-op is consistently showing a profit. The rate increase, she said, was hitting the most vulnerable of residential users.

“Eighteen percent of our population is over 65 years of age and 28 percent of people live in poverty,” Shelzi said. “They go without food, don’t go to a doctor.”

These are the people who will feel the brunt of the rate hike, she said.

Ward McCartney said he understands the board is in a financial bind.

“Tri-State is the 800-pound gorilla in the room,” he said. “This (SEC) board has not done its homework – it needs to look at alternatives.”

McCartney said he’s frustrated by a board that is looking at rate increases on a community that can ill afford them.

After the public comment portion of the meeting, Professional Hearing Examiner Carolyn Glick told those in attendance Monday night every fact and point of view will be considered when she makes her recommendation to the PRC.

Two issues of main importance will be SEC’s justification of the residential rate charge and whether or not the percentage increases for users is fair.