

SEC rate increases may begin in January - Oct 18, 2018

Socorro Electric Cooperative's rate increases would go into effect Jan. 1, 2019, if approved by the New Mexico Public Regulation, according to information obtained by El Defensor Chieftain.

The increases would be a mixture of increases in both the system charge and kilowatt hour charge for residents and businesses served by the SEC. It's been seven years since the last SEC rate increase.

At its Aug. 22 meeting, the Board of Trustees authorized changes in rates which increase revenues \$1,249,993 or 5.06 percent. The resolution did not specify what types of increases the SEC planned to implement.

According to the information given to The Chieftain, residents would see an increase of \$7.75 on their system charge, going from \$15 to \$22.75. They would see a slight increase to the kilowatt hour charge, going from 12.5 cents per kilowatt hour to 12.519.

The small commercial system charge would increase from \$25 to \$32.50. The kilowatt hour charge would increase from 12.5 cents per kilowatt hour to 13.0784. The system charges for large commercial users would go from \$75 to \$85. The kilowatt hour charge would remain at 7.75 cents per hour.

Large commercial users would get a break in the demand charge. The charge would decrease from \$15 to \$8.50.

SEC officials promised to share more details about the increases at community meetings held over the next two weeks. The first meeting was held Tuesday in Veguita. A meeting was held at the SEC's engineering office Wednesday. Meetings will be held in San Antonio, Socorro, Magdalena, Alamo and Datil later this week and early next week.

According to a newsletter sent to members through utility bills, the Co-op Board of Trustees has advised General Manager Joseph Herrera to educate members about the proposed increases and "provide greater detail on the impact of the proposed rates."

In the newsletter, the SEC does indicate declining energy sales as a reason for the need for the increases despite the fact that it reported an income of \$1.5 million at its annual meeting in April.

"In 2016 the SEC Board of Trustees and Management commenced a very dedicated review of operating expenses and the reduction in revenue from declining energy sales," the newsletter states.

The SEC alerted the New Mexico Public Regulation Commission about a possible change in rates when it filed its annual report on April 25.

"Socorro Electric Cooperative is in the process of completing a Cost of Survey Study to establish new rates," the report states. "The Cooperative plans to have the new rates in effect for the November 2018 billing."

The report was sent in by Accounting Supervisor Rauni Montoya and signed by Herrera.

Socorro Mayor Ravi Bhasker voiced a concern in a September City Council meeting that the rate increase was linked to a \$26 million federal loan approved at the meeting.

The newsletter does state that the current rate design "does not provide the financial minimums necessary to enable SEC to borrow additional monies for system improvements."

It also said the proposed increase "is necessary as the current rate design does not provide adequate revenues to allow SEC to cover the cost of providing safe, reliable electric service to our Members."