

## Trustees assert membership elected them to make rate decisions

By John Larson, El Defensor Chieftain staff writer

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Socorro Electric Cooperative has submitted a Statement of Issues with the New Mexico Supreme Court, defending its position regarding a rate increase. The filing challenges the decision by the Public Regulation Commission which denied the increase.

The brief is a summation of objections previously argued before the PRC; that a cost of service study (COSS) showed that the co-op could not properly operate without the rate increase it says it needs.

The rate increase proposed by SEC was developed based upon the costs of providing electric utility service as supported by the Cost of Service Study completed Justin W. Proctor of C.H. Guernsey & Company using a 2017 historic test year.

“Based upon the COSS,” the cooperative asserts. “SEC’s currently authorized rates are no longer just and reasonable and do not allow for sufficient revenues to cover its cost of providing electric utility service to its members while meeting its financial goals as established by its duly elected Board of Trustees.”

The brief argues that the rates proposed by the COSS were designed to help the seven Trustees find a balance between the needs of the large consumers and the needs of residential consumers.

“The subsidization of the smaller consumers is reduced for the large consumers, but not as much as they would like,” the brief claims. “The subsidization of the small consumers is reduced more than those class members might like, but not to the level where those consumers pay the actual costs of providing dependable electricity to them.”

Additionally, it claims SEC’s electric service rates and authorized revenues as presently allocated “do not adequately reflect the cost of service for its respective rate classes of electric customers and multiple rate classes subsidize other classes.”

It asserts that the rate relief requested in its rate application is critical to the financial health of SEC, which will ensure it is a financially sound electric cooperative, “which is in the best interest of SEC’s members.”

Unlike investor-owned utilities, cooperatives such as SEC are owned by members and, therefore, consumers have an opportunity for direct control over cooperative rates through their elected Board of Trustees.

In other words, the members – everyone who pays an electric bill - have entrusted their elected Trustees to make the best decisions regarding rates and service, and the PRC has limited jurisdiction over the rates of rural electric cooperatives.

The statement also explains that the PRC’s jurisdiction over an electric cooperative is not general and exclusive, and that rate increases proposed by the SEC are authorized to go into effect once its members and the PRC have been notified. It contends the PRC has no business reviewing a proposed rate increase “unless the jurisdiction is triggered by protests filed by a prescribed number of members before the Commission has any power over proposed rates.”

To review:

- On December 3, 2018, SEC filed a notice requesting a proposed rate increase. After receiving 33 protests to the proposed rate increase, the PRC, on December 19, 2018, suspended the effectiveness of the rate request. The PRC ordered SEC to file any objection to the protests and ordered Staff to file a determination as to the number

of valid, timely protests and a recommendation on whether SEC's filing was a complete application for a rate increase.

- On January 3, 2019, SEC filed its Objections to Rate Protests.
- On January 9, 2019, valid protests were filed by 48 residential customers, one large commercial customer (New Mexico Tech) and one customer expressing concern about the proposed rates for General Service (Residential), Load Management Service and Area Lighting Service (the City of Socorro).
- On January 23, 2019, the PRCn issued its Initial Order Appointing Hearing Examiner which suspended the effectiveness of the rate increase for nine months from December 19, 2018, or to September 19, 2019.
- A public comment hearing was held in Socorro on June 3, 2019. A public evidentiary hearing was held on June 24, 25 and 26, 2019 at which witnesses were sworn and testified and at which evidence was submitted.
- The Hearing Examiner issued a proposed decision on August 15, 2019. SEC's objections to the Recommended Decision were rejected by the Commission which issued its final order on September 11, 2019.

The New Mexico Supreme Court has yet to hear the case. The SEC attorney is requesting oral arguments.