



Who Wants a Lose-Lose Deal?

Dear Co-op Members,

Citing unfounded criticism of Socorro Electric Cooperative rates and service, the Socorro City Council recently voted to conduct a feasibility study about taking over electric service from the co-op, a move called "municipalization." The council's move risks a double disaster for any city resident who pays an electric bill. But for the time being, until the City takes action directly threatening the co-op, we're preparing to block the City's possible attempt at a takeover but there's no need for us to take direct action yet.

For Socorro, municipalization is a bad idea because it will cost both city taxpayers and co-op ratepayers vast sums of money unnecessarily, with no return in improved service or reduced rates. The City is heading down an expensive and distracting path. Their action illustrates the dangers of dumbing-down a technically complex issue in a political arena without understanding the far-reaching consequences for everyday folks.

There's a better way to work out our differences. SEC currently operates in Socorro under an expired franchise agreement giving the co-op the right of way for its lines, poles, substations, transformers, and equipment to deliver power to homes and business across town. Since last year, SEC has sought a meeting with Mayor Ravi Bhasker to negotiate renewing the franchise agreement, which both still honor. Unfortunately, the Mayor has said he prefers the open forum of Council meetings with its audience of supporters.

If the City continues on its present course, expect years of expensive legal wrangling. If the co-op refuses to sell, the City has suggested it could condemn co-op assets in the city through eminent domain. However, the legal basis of that is unclear and untested. Get ready to pay more legal fees. And experience shows the co-op is likely to end up continuing to serve City customers.

The truth is, rates for Socorro customers would go up because buying the assets would cost the City many millions and the municipal utility would have fewer customers to share costs of operation. Unfortunately, rates would similarly rise for the rural customers remaining in the co-op. The truth is, SEC rates, which only cover our cost of operations without profit, are fair, reasonable, and on par with other rural cooperatives in the state.



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SOCORRO ELECTRIC COOPERATIVE

And here's the final catch: nearly all SEC ratepayers in the City of Socorro are also taxpayers in town. If you're a city resident with an SEC account for electric service, you that means you'll pay for lawyers on both sides to fight each other over the right to sell you power. Rural customers outside the City will also have to pay to defend the integrity of their co-op and fend off a rise in rates due to a municipal takeover. It's a lose-lose deal for everyone except the lawyers. Ask the City to stop.

We'll keep in touch as this issue develops. We always encourage you to bring your questions to us and, remember, the district meetings in October and November are a great opportunity for you to get involved.

Sincerely,
Anne Dorough
President & District V Trustee



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