

City of Socorro
Resolution No. 14-07-21

WHEREAS, On June 16, 2014, the Socorro City Council unanimously approved Resolution No. 14-06-16 giving the City Administration the authority to:

1. Receive complaints concerning Socorro Electric Cooperative (SEC) and to thoroughly investigate the feasibility of acquiring that portion of SEC serving the City of Socorro.
2. Designate a City location which shall receive any constituent complaints regarding SEC.
3. Investigate the feasibility of acquiring that portion of SEC serving the City of Socorro including in particular:
 - a. The prerequisites to any municipal acquisition of a utility system and the necessity for an election on the issue;
 - b. Available funding sources for such acquisition;
 - c. The service territory to be served and the assets that would have to be acquired to accomplish that service;
 - d. The City's authority to acquire such assets via eminent domain; and
 - e. The value of the SEC assets to be acquired.
4. Evaluate/explore the possibility of having another franchise become the provider of services for the entire SEC service area, and;

WHEREAS, The City of Socorro and the SEC (since inception) have been able to conduct business by means of the franchise agreement process, however, this process has not been able to adequately address or influence the handling of numerous issues which recently have been brought before the City Administration and City Council , and;

WHEREAS, The lack of democratic control, inability of the management of the SEC to draw a quorum of its member/owners, lack of desire by SEC management to assist and pursue a quorum, desire by SEC management and their legal counsel to take every opportunity to keep member/owners from realizing a quorum and to unduly delay member/owner potential policy changes brought forth by the membership has created unrest and lack of trust in the cooperative system, and;

WHEREAS, High employee turnover, high electric rates and high monthly legal fees are a direct result of the inefficiencies associated with Socorro Electric Cooperative business practices and the unwillingness of SEC management to operate the local cooperative in conjunction with the seven principles of cooperatives*, and;

WHEREAS, Since the City of Socorro first became involved in the SEC issues herein described, no progress pertaining to customer service, democratic control and community involvement has been made, and;

WHEREAS, Since the topic of acquisition of SEC assets by the City of Socorro has been discussed, very little, if any, opposition to the acquisition of SEC assets by the City has been expressed by the member/owners of those assets, and;

*Attached

WHEREAS, Since the acquisition of SEC assets by the City of Socorro has become a topic of discussion, SEC management and Board have yet to include the owners of the SEC into the process in contradiction to the cooperative principle (No. 4 as attached) which states:

“Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.”, and;

WHEREAS, On July 17, 2014, Ann L. Dorough published a “Letter to the Editor” in the El Defensor Chieftain which:

1. Definitively and clearly makes no reference of, or attempt to, include the member/owners of the SEC in the acquisition process.
2. Clearly states that the SEC Board President once again is attempting to side-step the democratic process in an effort to utilize member/owner funds to defend the position of a few regarding SEC operations without seeking input or direction from those who are the legal and rightful owners of all SEC assets, and;

WHEREAS, Should an acquisition come to fruition, the property acquired by the City of Socorro would be that of the member/owners and not the SEC Board or management and would be operated by a qualified entity to ensure a level of service and competitive pricing experienced by many other similar communities throughout New Mexico.

NOW, THEREFORE, be it resolved by the Governing Body of the City of Socorro, that without input discouraging the City from acquiring the SEC (within the City limits) obtained at a legally organized, officially conducted and binding cooperative meeting (held in accordance with cooperative guidelines and SEC bylaws) by the member/owners of the SEC, the City will aggressively pursue the items contained in the June 16, 2014 resolution (pertaining to the initial phases of acquisition) and will systematically and legally move through the acquisition process.

Be it understood that should the democratic member control process be recognized and honored by the SEC Board in allowing member/owners an opportunity to vote on the question regarding municipal acquisition, the costs to both member/owners and municipal taxpayers would be kept to a minimum and the will and the integrity of the owners maintained and carried out.

Be it further understood that by passage of this resolution, the Socorro City Council encourages the SEC Board to give the member/owners an opportunity to vote on the question regarding municipal acquisition.

Passed, Approved and Adopted this 21st day of July 2014.

Copy

Ravi Bhasker, Mayor

ATTEST:

Copy

Pat Salome, City Clerk

Letters to the Editor (07/17/14)

by Staff | July 17, 2014 | Filed under: Opinion

Preserve public lands for future generations

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 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. SEC rates, which only cover our cost of operations without profit, are fair, reasonable, and on par with other rural cooperatives in the state.

And here’s the final catch: nearly all SEC ratepayers in the city of Socorro are also taxpayers in town. city residents with an SEC account for electric service would pay for lawyers on both sides to fight each other over the right to sell them 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. The city should stop.

We will keep in touch with our co-op members as this issue develops. We encourage them to bring their questions to us. Our district meetings in October and November are a great opportunity to get involved.

Sincerely,

Anne L. Dorough

Socorro Electric Cooperative President & District V Trustee