

Dear City of Socorro Resident,

Many of you have already heard that the City of Socorro is investigating the possibility of acquiring the assets of Socorro Electric Cooperative (SEC) within the City limits and other allowable areas. Should this acquisition take place, the City of Socorro would purchase the assets of the Socorro Electric Cooperative with the intent to provide electricity in a manner that would:

- Improve the overall quality of electric utility service.
- Lower the cost of electric rates in this area.
- Improve customer/community relations between local residents and the local authority.
- Create an electric utility who strives for policies and procedures that are fair to both the residents and the utility.

The proposed acquisition by the City is predicated on concerns brought to the attention of the City Administration and the City Council by local residents regarding SEC operations, policies, procedures and acquisition.

At the City Council meeting of July 21, 2014, the Socorro City Council passed Resolution No. 14-07-21 (enclosed), outlining the conditions that have lead to the City's involvement in this potential acquisition.

Below are a few of the concerns regarding SEC operations under the current management:

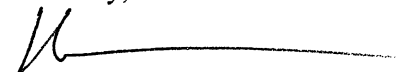
1. Utility costs are approximately 25% higher than other communities. 600KW of residential electricity in Socorro costs consumers approximately \$102.99.
 - The same amount of electricity in other areas is as follows:

▪ Belen	\$74.44
▪ Los Lunas	\$74.27
▪ Grants	\$76.87
▪ Espanola	\$68.13
2. Monthly legal expenses for the SEC operations for the previous 18 months are approximately 3 times that of the City's monthly legal expenses yet the City operates 16 departments four of which are utilities and has approximately 100 more employees than the SEC.
3. Since 2011, the Socorro Electric Cooperative has experienced an alarming employee turnover rate that creates a reduction in institutional knowledge as well as indicates unstable management practices.

Attach please find a letter that has been sent to SEC Board President, Ms. Anne Dorough, explaining that the process can be a very simple one, even though Ms. Dorough (in written correspondence) makes it appear complicated and expensive. The transition can happen with very little cost to both the SEC members and the tax payers. In order to make this cost effective, the member/owners of the SEC should be given the opportunity to vote on the issue with the results of the vote honored by both the City Council and the SEC Board of Trustees. This approach is not only inexpensive but also fair to you the member/owners of the SEC.

This matter is not about cooperatives in general, but rather, the governance of this particular cooperative and the lack of desire of the Board of Trustees and current management to include the member/owners in decisions regarding the SEC operations.

Sincerely,



Ravi Bhasker, Mayor
City of Socorro