

031811-042411-Rate Increase Emails.pdf

The following series (start at the bottom) concerns the SEC rate increase. Lee asked that it be send out to the list. Several members have contacted Charlie since the bills with the new rates have been issued and this information might be of use to them and all of you.

cfw

----- Original Message -----

Subject:Re: Fwd: Fw: Socorro Electric Coop (SEC) Rate Increase Request

Date:Sun, 24 Apr 2011 12:10:31 -0600

From:Charles Wagner <cawagner@gilanet.com>

To:Lee Scholes <leescholes@aol.com>

CC:Charlene Wagner <charlenef.wagner@gilanet.com>

Lee,

The notice of the rate increase was not as clearly illustrated in the *Enchantment's* official notice as your analysis to Jason Marks is. But the co-op did hold meetings in the districts to have members present to hear the rate consultant's and management's explanation of the need for the increase. You might question if many people read *Enchantment*, and the informational meetings were poorly attended. The meetings In Magdalena and Quemado were on a week day at 9: AM and 3: PM respectively with fewer then 12 members attending both meetings.

I am sure the case could be made that notice was misleading at best but the real problem is that too few members get involved, a condition so prevalent and predictable that the board has come to rely on it. Before the law cited by Jason Marks was passed two years ago only 3 protests were required for a hearing.

In hind sight, members should have mobilized a protest within the 20 day period as did the members at Kit Carson. They gathered more then 300 protests.

The new rates are now in effect and if there is enough pain felt we should be hearing loud moans and cries of agony.

You might consider sending your letter and analysis to the *Chieftain* so more people will become aware of what you know.

Perhaps the law suit will help resolve some of this.

Thanks for your interest and support.

Charlie

From: [Charlene F. Wagner](#)

Sent: Saturday, April 23, 2011 8:55 AM

To: [Wagner Charlie](#)

Subject: Fwd: Fw: Socorro Electric Coop (SEC) Rate Increase Request

----- Original Message -----

Subject: Fw: Socorro Electric Coop (SEC) Rate Increase Request

Date: Sat, 23 Apr 2011 12:46:24 +0000

From: leescholes@aol.com

Reply-To: leescholes@aol.com

To: Charlene F. Wagner <charlenef.wagner@gilanet.com>

Hi Charlie,

I wonder if you have any thoughts concerning ther rate increase and notice.

The notice I saw from the coop called for a \$25 meter charge and it varied from \$15 and up. Would that require a new notice?

Lee

Sent from my Verizon Wireless BlackBerry

From: "Marks, Jason, PRC" <Jason.Marks@state.nm.us>

Date: Sat, 23 Apr 2011 01:58:52 +0000

To: leescholes@aol.com<leescholes@aol.com>

Subject: RE: Socorro Electric Coop (SEC) Rate Increase Request

Lee:

I apologize for the delay in responding to your March 18 email. After a few weeks passed and I didn't see anything on the SEC rate case cross my desk, I inquired with our utility division staff regarding the status of the case and learned that it has already been allowed to go into effect by "operation of law."

Under N.M. state law (see below), the Commission may only hold hearings on rate increases at rural electric cooperatives if at least 25 customers file protests at the PRC. In this instance, the Commission received only three protests from residential customers during the 20 day protest period ending February 23, plus seven more within a couple of days thereafter, for a total of 10 protests. Our records do not show a protest with your name.

I agree with your assessment that there are elements of the rate application that could have benefited from independent scrutiny and a hearing. The PRC currently has a docketed case on Kit Carson Electric Cooperative's pending rate increase in which a principle focus is the proposal to collect a greater share of revenues from the fixed customer charge. Ordinarily, the prudence of past expenditures; e.g., SEC legal expenses, would not be an appropriate topic for a coop rate case, since there's no third party (shareholders) to lay disallowed costs on as there is with an IOU, however, in this instance, if this category of costs could be reduced going forward to the benefit of the ratepayer/member, then it might have borne consideration.

At this point, the only avenue for redress for members who are aggrieved by the rate increase now that the protest period is closed would be to demonstrate that members were not provided proper notice of their right to protest the rate increase to the PRC or that management acted improperly to suppress protests. A few years ago, the PRC re-opened a cooperative rate several months or a year later when it was determined that the notices of how rates were to be changed were misleading as they affected certain customers. That case involved Central NM Electric Coop and time of use rates. In regards to SEC, PRC staff states that the required info was published in Enchantment.

Absent PRC rate review, coop members' best opportunity to control the legal expenses and have more influence over SEC decisions on rates is to continue efforts to elect responsive and responsible board members.

Please let me know if you have any further questions.

Best regards,

Jason Marks

NMSA 62-8-7-G

G. Whenever there is filed with the commission a schedule proposing new rates by a rural electric cooperative organized under the Rural Electric Cooperative Act [62-15-1 NMSA 1978], the rates shall become effective as proposed by the rural electric cooperative without a hearing. However, the cooperative shall give written notice of the proposed rates to its affected patrons at least thirty days prior to the filing with the commission, and **the commission shall suspend the rates and conduct a hearing concerning the reasonableness of any proposed rates filed by a rural electric cooperative pursuant to Subsections C and D of this section upon the filing with the commission of a protest setting forth grounds for review of the proposed rates signed by the lesser of one percent of or twenty-five members of a customer class of the rural electric cooperative** and if the commission determines there is just cause for reviewing the proposed rates on one or more of the grounds of the protest. The protest shall be filed no later than twenty days after the filing with the commission of the schedule proposing the new rates.

From: leescholes@aol.com [leescholes@aol.com]

Sent: Friday, March 18, 2011 9:06 AM

To: Marks, Jason, PRC

Subject: Socorro Electric Coop (SEC) Rate Increase Request

Hi Jason,

You and I met during the PRC's search for your new COS. I try to never weigh in on "political" issues but this is an exception.

Your body will be asked to approve a dramatic increase in rates for the people of Socorro and Catron counties. There are three questions that I feel certain you will want to have a satisfactory answer to.

1.) What part of the need for this increase is driven by the SEC Board's action in suing the membership to over turn operational mandates that were legally voted in by the membership. A quick snapshot... The Coop attorneys have to send registered letters to each and every customer at every step of the legal process. This cost thousands plus the attorneys fees. All this effort is to the disservice of the SEC member/customers.

2.) The "meter charge" is being raised by 66.67%. This increase from \$9.00 to \$15.00 is regressive and hits the low income and seniors on fixed incomes the hardest. If the SEC's new costs are justified they should be adjusted so that use is charged and not headcount.

3.) The rate increase for the lower volume users is going up 18.31% while the high use users is only going up 6.11%. The electrons individually are unaware of the volume of the customer. Since the power increase is bought in bulk, the increase "Pain" should be spread evenly and again not punish the poor, of which we have so many.

The result is:

250 KWH (Low Use) Customer			2,000 KWH Customer		
Old	New	% Change	Old	New	% Change
\$45.09	\$61.25	+35.8%	\$258.78	\$280.00	+8.2%

I thank you for your review of my thoughts and hope you can find middle ground to protect the weaker members of the West Central NM community.

Lee Scholes
Magdalena, NM