

March 26, 2014

Hello Anne,

Here is the list of questions submitted at the information meeting held in Quemado on Monday March 24 at 1:00 in the Quemado Senior Center. They have been retyped in the exact wording and are being sent to you via email. I have sorted them by topic so the questions are grouped together. We realize you may need assistance with some of the questions. Please site who helped you and where the information was found.

Please respond no later than April 15th in a "reply all" to the email so all the "CCed" members can receive the same message and view your answers.

Thank you,

Debbie

1.

NOTE: Those Members who submitted a question which relates to a specific bill or account will have to contact the Socorro Electric Cooperative business office with their account number. Trustees do not have access to your personal billing information. Member Services Supervisor is Marilyn Madrid (575-838-9725)

Topic: Billing/Meter Reading

Question 1 Why is the Veterans bill go from 35.00 to 160.00 for one mo. when there is only one small space heater in a 5'x7' bathroom?

See above note.

Question 2 What about the bills from the coldest days ? I know what you are talking about. My first bill was \$425.00, the next month it is 388.00, this past month is 288.00. I only used 2 8 denjsur stoves and 1 small palomos stove, that is suppose to lower my electric . It is a hardship for me because I only have my social security check each month.

See note at beginning.

Question 4 What happened in November 2013 when the reading system of Socorro Electric co-op failed ? How long was the system down ? How could the Electric Company (quote) "guess" the usage for that period of time ? 12/15/2013 to 01/03/2014

The SPU (substation processing unit) at our Quemado substation went down on 11/12/2013 and was replaced and fully operating by 12/23/2013. Our enterprise software estimates the bill based on the previous month bill or the same month of the previous year bill. This estimate will correct itself the following month when an accurate reading is obtained. You will only be charged for kilo-watt hours (kWh) you actually used.

Question 5B Why do they need to estimate bill so often.

As per NM PRC we cannot estimate more than two consecutive bills. The reason for estimate is that the automated meter reading module (AMRM) has malfunctioned (meter still has a good read). When this happens, the AMRM stops communicating with the substation SPU. There is a loss of internet communication between the substation communication equipment and main office commination equipment which generates a meter read

file. For example, at the Quemado substation, because it is so remote, we use satellite internet and the data packets time out on the upload to the internet. If the data packets time out, and depending on the time frame, we will send out a lineman to reboot the internet modem. This is an associated cost to keep the AMR running.

Question 7 Recently my monthly electric bills have gone from \$160. To \$95.00 to \$954.00 to about

\$338.00 to about \$237.00 to \$173.00----need an explanation.

See note at beginning.

Question 8 Why did the Catron NM Vet Centers monthly electrical bill triple over the winter month. We only use the building once or twice a month.

See note at beginning.

Question 10 When we asked to check our meter we also asked to make a appointment with us to be able to witness ! Did not happen ! No prove of anybody just the answer "the bill would have been even higher"

This is not a question.

Question 11 Why is the "reading of the meter" not consistent and run on the same day or at least over the same time period- for ex- every 30 days- or from the 1st to the end of the month- or from the 15th -) 15th ???

We always bill the west area on the 15th of every month using the reads from 7th day of the month. However, if we have high number of meters modules not communicating to the substation back to the office on the 7th day of the month (outage, internet is down, slow meter module) we use the next day meter read file and sometimes we go back 3-5 days Or forward 1 to 2 days from a 30day cycle.

Question 15A What is the \$15.00 monthly system charge for ? I understand that we are charged this fee so you do not read our meters any more.

It is collected to pay the following: for meters, meter reading expense and meter installation costs, services, billing collection expenses, non-volumetric portion of distribution poles, transformers, conductor up keep of the system that each member needs to access the grid, operations and maintenance of access to the grid, taxes, pro rata share of the relevant cost drivers such as debt to pay interest on long term debt. SEC is one of the lowest fix charge among NM Co-Op's some have additional charge such as KVA charge.

Question 20 I would like all bills to be approximately the same number of days. Since "computer" supposedly does the work, why doesn't it always read the remote data on the same day or date.

See question 11

Question 23 Was gone Dec & Feb Amount due 69 508.65, 06 110.38, 51 17.56 Closed Dec-Mar. When closed for 3 months my bill was lower when the well ran 24-7 spring 2012

See note at beginning.

Question 25B When we have an ^ in our bill as we did on Dec bill. How can be dispute that claim against us. My bill had been under \$40 and increase to \$167.00 that billing Dec-Jan.

See note at beginning.

Question 27C Why don't we have equal day reading periods?

See question 11

Question 28B Isn't it required to notify customers when their bill is an estimate & why it isn't an actual reading ?

There is a code on your bill near the top under the heading "Bill Type" and an explanation of those codes in the lower right hand corner of the bill. A bill type of "0" is Normal, and a Bill type of "1" is Estimated.

Question 28C Is the remote meter reading system required by law to be checked for accuracy on an annual basis ?

NM PRC RULE 560 (17.9.560) service standards for electric utilities doesn't require annual accuracy checks.

Question 28D Will the PRC follow up on why the billing cycle varies from month to month?

I cannot answer for the PRC. Wasn't Ben Hall present at the meeting?

Topic: Direct to Anne

Question 3A Why did you run as a reform candidate and then go over to the non-reform or establishment side ?

When I took my seat upon the board it was with an open mind. It did not take me long to determine that much of what I had heard about the activities of the board and the trustees was misleading and in many cases downright untrue. Many of the actions of the supposed "reform group" have been disruptive and detrimental. This includes such things as filing an application for a temporary restraining order against the board attorney because he was seated at the board table. Such actions, even when denied by the judge, only cost the cooperative money.

Question 12 What does it take to get Ann Dorough to come to Quemado to address the people & their concerns?

District V had a meeting in October of 2013 at the Quemado High School. It was scheduled at 10 am for registration and 1:00 pm for the business meeting. Your District V representative, the General Manager, and many of the Socorro Cooperative staff were present to address your concerns. Only 23 people bothered to attend. The Annual Meeting is scheduled for April 26th at Finley Gym in Socorro starting at 1:00 pm for registration and the business meeting starts at 3:00 pm. There will be another District V meeting this coming October or November. Time and place have not been decided. If you have any preferences, please let me know.

Question 14 Is there a way to change Ann's attitude ? Can we take a vote to let her know that numbers of us don't agree with her ?

First you have to persuade me that my attitude is wrong. There are almost 2,000 members in District V and not all of them agree with the members that attended the meeting in Quemado. I am doing what I think is in the best interests of the cooperative. See the section from the SEC policy manual that directs the conduct of trustees.

FROM THE BOARD OF TRUSTEES POLICY

1. Establishment of Code of Conduct. The Board of Trustees of the Cooperative hereby establishes this Code of Conduct which shall control the actions of elected Board members during their term and also define the consequences for a violation of the code or other misfeasance or nonfeasance. It is clear that all members of the Board of Trustees owe allegiance, loyalty and fiduciary duty to the Cooperative, the Board and all Cooperative members. Toward that end, a member of the Board of Trustees, shall, among other things:

- Be obedient to the cooperative by adhering to all applicable requirements of law and bylaw, policy and Code of Conduct.
- Be loyal to the Cooperative, acting at all time in good faith for its best interest.
- Be unaffected by any substantial personal interest that is in conflict with the best interests of the Cooperative.
- Be possessed of the minimum knowledge and skills necessary to manage the affairs of the Cooperative. The Board member is expected to avail him/herself of the various programs and educational opportunities that provide a basis for the Board member to act in a deliberative and decisive manner. The Board member must make a concerted effort to attain the education necessary to become a Credentialed Cooperative Director (CCD); and
- Be willing to devote such time and effort to his/her duties as a Board Member as may be necessary to manage the Cooperative's business and affairs.

Question 25A Anne Dorough, What are YOUR goals for our Co-op ?

I want to see the Cooperative focus on the future and not the past. I want to see the resources of the cooperative directed towards building a better cooperative that helps improve the quality life for its members. I want to see the members, the staff, and the trustees working together to solve the problems that arise. We can't change history, let's move forward.

Question 27D What does it take to get Ann to come to a meeting in Quemado ?

I will be at the District V Meetings.

Topic: Reference to City of Socorro

Question 3 What happens if Co-op no longer can function without Socorro ?

I don't think anyone can answer that question at this time. Anyway, I won't make something up just to sound good.

Question 28A What increase in charges can we expect if the town of Socorro dissolves its involvement with Socorro Electric.

Like the question above, I don't think anyone can say. Except that, it is liable to be more expensive for both the City and the Cooperative. It is being researched.

Topic: Other topics

Question 5A Why does Soc Elec not have a customer advocate?

Member Services Supervisor is Marilyn Madrid (575-838-9725)

Question 21 How can membership obtain information concerning salaries of SEC employees?

Compensation for key employees, as well as trustees, is filed with the IRS on form 990. This is available through an inspection of public records request.

Question 27A How do we go about forming our own co-op?

Contact Larry McGraw with the Rural Utilities Service
(larry.mcgraw@wdc.usda.gov)

Question 27B How does district 5 proceed with a recall ?

From the bylaws:

Section 5. Removal of Trustees. Any member may bring charges against a trustee of his/her district and, by filing with the Secretary such charges in writing together with a petition signed by at least ten per centum of the members of the trustee's district, may request the removal of such trustee by reason thereof. Such trustee shall be informed in writing of the charges at least ten days prior to the district meeting of the members at which time the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him/her shall have the same opportunity. The question of the removal of such trustee shall be considered and voted upon by majority vote at the district meeting of the members and any vacancy created by such removal may be filled by a vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

Topic: Response to Inquiries

Question 6 If an individual rate payer (member), or a group of same, has a question regarding the operations or financial matters of the SEC, what is the specific process for getting a direct answer from the SEC Board in an expeditious manner.

Call your Trustee

Call the General Manager

File an Inspection of Public Records request.

Topic: Capital Credit

Question 9 How does a rate-payer (member) arrange for and achieve payment/reimbursement of capital credits paid in when the member terminates the account with SEC ? How is the above accomplished without delay and without legal action ?

Capital Credits are the members' investment in the cooperative. Just because you terminate your relationship with the cooperative, you do not become eligible to receive your patronage capital. Your capital credits remain on the books in your name and member number until they are retired. The board of trustees must authorize a retirement before you receive a check. When considering a retirement, the board analyzes the financial health of the co-op and will not authorize a retirement if SEC cannot afford it. Because payments are made approximately 18-20 years after credits are earned, you should ensure that SEC always has your current mailing address.

Question 18 How can we be sure that the 19 million \$ are in Capital Credit ?

Capital Credits are a line item on the cooperative's financial statements. These financial records are audited every year by an independent auditing firm.

Question 19 How do we verify the 19 million is on hand for Capital Credits that are owed to Rate Payers !

See above answer

Question 24A The co-op refuses to pay out capital credits to Colette Foard. Is there any money in the capital credit account or is it merely a line item balance ? Is this why SEC won't pay ?

According to the Bylaws and Policies of the SEC, Ms Foard is not eligible for an early retirement of the capital credits allocated to the Trails End Market.

Question 27F How do we verify that there is 19,000. In capital credits?

See the answer to question 18

Question 28E How can we verify that there is \$19 million in our Capital Credits account ?

See the answer to question 18

Topic: General Trustee Concerns

Question 13 If certification is required why has Dave Wade served for 30 years and never been certified ?

I cannot speak for Mr Wade.

Question 15B Do the Board members still have credit cards issued to them by the Socorro Electric co-op. If so Why ?

Board members do not have credit cards issued to them.

Question 24B Why is it SO hard for the co-op to do the will of its members – SEC isn't a gestapo

Because 10,000 people cannot all govern the cooperative at the same time, they elect a board of trustees. The Board of Trustees has a fiduciary responsibility to act in the best interests of the cooperative on behalf of the members. That means a trustees must:

- Act in good faith,
- With the care an ordinary, prudent person in a similar position would exercise under similar circumstances, and
- In a manner the trustee reasonably believes to be in the best interests of the cooperative.

The trustee must put their personal interests and beliefs aside in favor of acting in the interests of the cooperative.

Question 24C Bottom Line- DO YOUR JOB & REPRESENT THE MEMBERS !!!

This is not a question.

Question 26 In website section 'about SEC' "Elected representatives (director/trustees) are elected from among the membership and are accountable to the membership." While representing the district

– please remember this when doing business.

This is not a question.

Topic: Meetings

Question 16 Why does a meeting cost \$10,000 to have in district 5

The costs of a district meeting include SEC staff salaries, the cost of the third party administrator to oversee the registration and voting, and the fees for the meeting facility. The distance from Socorro also contributes to the cost.

Question 22 How can a meeting cost \$10,000.00 ?

See the above question.

Question 27E How can a meeting cost \$10,000

See the above question.

Question 29 Why does a District V meeting cost \$10,000 or why did the 3 Dist.V mtgs cost a total of \$30,000 as stated by Jim D.?

See the above question.

2013 District meetings:

District I 9,882.82 No quorum

District II 14,526.18

District III 15,616.00

District IV 6,919.82 No quorum

District V 13,150.58 No quorum

Topic: By-Laws

Question 17 What is the process necessary for a By-Laws amendment to place an ABSOLUTE CAP on annual LEGAL expenses of the co-op ?

Do you really want to restrict the resources available to operate the cooperative when you have no knowledge of future circumstances? What if the cooperative

finds itself in the middle of litigation with no means of retaining counsel to defend itself?

Date: Tue, 8 Apr 2014 16:16:03 +0000

These answers were prepared with the assistance of the SEC staff.

Socorro **E**lectric **C**ooperative

Anne Dorrough, President
District V Trustee

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

4/9/2014
