

Nov 6, 2014 **Letters to the Editor**

<http://www.dchieftain.com/2014/11/06/letters-to-the-editor-11614>

Co-op president responds

This letter is in response to James Cherry's letter in the Oct. 30, 2014 edition of El Defensor Chieftain, in which he questions my previous statements about Socorro Electric Cooperative's rates. Mr. Cherry is comparing apples to oranges by confusing base cost rate with the total revenue received.

Yes, SEC is No. 3 out of 16 New Mexico co-ops in the residential base-kilowatt-hour charge, but — and this is key — we are No. 12 in the monthly system charge which is the fixed amount that every member pays on their bill.

The rate structure of each cooperative is unique to that cooperative and very complex. There are additional cost factors involved. When it comes to monthly recurring charges, not all co-ops use the same factors. Blending a variation of all these factors together gives you residential revenue per kilowatt-hour for each cooperative.

To simply compare rates of multiple cooperatives, you must first find the common denominator. In the Key Ratio Trend Analysis published by the National Rural Utilities Cooperative Finance Corporation (NRUCFC), Ratio No. 38 is a measure of the revenue generated from the sale of electric energy per kilowatt-hour, system charge, KVA charge, 1 percent renewable surcharge, debt cost adjustor, and power cost adjustor to residential consumers.

This ratio is the common denominator used by NRUCFC to compare some 800 cooperatives over the U.S. This ratio also is the basis for the information in my letter to the SEC membership in their October billing statements, which says SEC is ranked No. 7 out of the 16 cooperatives in New Mexico. That means SEC is not charging the most or the least and SEC is not receiving huge amounts of revenue from our residential class of membership. It means we are in the middle when it comes to revenue from our members to cover the actual cost of our nonprofit operations.

Keep in mind SEC doesn't keep its revenues. We're not trying to make money.

We provide electric service to our members at rates designed to cover our cost of operations, our cost of financing our existing infrastructure, and our cost of expanding new service where needed.

We allocate any funds above those costs back to the entire membership in the form of patronage capital credits. In the past two consecutive years we have paid back over \$3 million to the membership for the years 1978 through 1988.

We have not attempted to deceive the members of the Socorro Electric Cooperative, as Mr. Cherry suggests, but we have attempted to provide them with the most accurate information available.

I am happy to discuss these details with any co-op member who has questions. While the regulatory and financial aspects of running an electric co-op are complex, we always strive to communicate with our member-owners as clearly as possible and welcome every opportunity to do so.

Sincerely,

Anne L. Dorough

Socorro Electric Cooperative, President & District V Trustee