

Herrera: Local politics tarnishing cooperative's efforts – May 11, 2017 - Chieftain by Scott Turner

http://www.dchieftain.com/news/electric-revolt-herrera-local-politics-tarnishing-cooperative-s-efforts/article_5c773ca2-35a2-11e7-bd1a-03e549af923c.html

The proposed breakup of Socorro Electric Cooperative seemed to be gaining steam, as evidenced by remarks made at a public meeting Tuesday, May 2 at Socorro City Hall.

Mayor Ravi Bhasker voiced confidence that building a small substation to provide electric service to the industrial park neighborhood and the entire campus of New Mexico Tech is “doable,” based on what’s seen as a favorable feasibility study.

According to statements by the mayor, next on the horizon would include the entire City of Socorro, plus a five mile perimeter. This means a reduction in the number of members in the co-op by almost half, which some expect may result in a major rise in electric rates for the remaining co-op customers; residents and businesses of Socorro County, Catron County and parts of two other counties.

The City of Socorro currently represents approximately 40 percent of Socorro Electric’s power load. The electric cooperative continues to pay the 2 percent franchise fee – approximately \$130,000 annually – but no progress has been made towards a renewal of the agreement.

Joseph Herrera, SEC’s General Manager, in an interview with The Chieftain on Tuesday, reiterated that “the mission of our employees and the Trustees of Socorro Electric Cooperative is to serve all our members, including residents of the city, with at-cost power. We work hard and deliver competitively-priced, reliable electricity.”

As reported in last week’s Chieftain, at the May 2 meeting, Bhasker claimed the co-op is “squeezing as much money out of this town and county as they can,” and that he “just can’t get them on the same page ... it’s up the City to (form a municipal electric utility).”

Late in the meeting the mayor also referenced problems within cooperative’s Board of Trustees in 2015 and before, including the resignation of District II trustee Charles Wagner.

“It’s disappointing to see local politics tarnishing our efforts,” Herrera said. “We’ve served this community for 72 years, and we’ll be here for many, many more years to come.”

A concern among many at that meeting was that Herrera, or no one else from the co-op, attended the meeting. Herrera acknowledged receiving an invitation to attend, but had difficulty with the scheduling.

“We received notice of the meeting from the City two days before our 72nd annual meeting,” he said. “We requested to reschedule the meet due to the possibility of having two new Trustees’ on the board who may not know of the undertaking.”

Herrera added that there were management and board calendar obligations that created scheduling conflicts with the “city set date.”

“We asked the City to reschedule but our request was met with no consideration, just a mention that this was to be a public meeting and not intended to be a finger pointing session and with the intention to hear from the residents and businesses,” Herrera said.

When asked to comment on the feasibility study referred to at the May 2 meeting, Herrera said he hadn’t seen it.

“We here at Socorro Electric have not seen the full completed study,” he said. “So, on May 8 we have submitted a request under the information of public records act, to the City of Socorro for a complete copy of the feasibility study which shows the mayor’s plan is doable.”

Cost comparisons with other electric utilities, such as Kit Carson Electric Cooperative or the Truth or Consequences municipal electric utility are often like comparing apples and oranges, Herrera said, depending on a range of factors.

But Luis Reyes, CEO and General Manager of the Kit Carson Electric Cooperative, in attendance at the May 2 meeting, made a persuasive presentation for leaving Tri-State Generation and Transmission, from whom Socorro also buys power, and going with Guzman Renewable Energy Partners. However, Herrera saw it differently.

“It may be a compelling argument for the Kit Carson Electric Cooperative membership to do so, but they have shown losses of \$5,231,700 for 2014, and \$1,244,281 for 2015, per its IRS form 990 filings,” Herrera said. “KCEC had knowledge in late 2015 of the Guzman supply deal but still proceeded with a rate increase to its membership in late 2016.”

“Why did KCEC still proceed with increase rates to its electric membership at the end of 2016?” he said. “KCEC has also increased its base electric rates twice to its membership back in September of 2011 and December of 2016.”

Socorro’s last rate increase was in February of 2011, Herrera said.

“Socorro Electric Cooperative has not increased our members’ base electric rates nor have we posted losses in years like KCEC has for the same six-year period,” he said. “Our current rates are lower than KCEC and they have twice as many meters than us.”

According to Herrera, in the current power market electricity and energy prices are soft, “which opens the opportunity for new outfits to come into areas with promises of lower costs in the short term to make a fast buck.”

“We know very little of Guzman,” Herrera said. “They appear to be an energy commodities and service company based in Florida, which seems to me to be like the Texas based energy company Enron.”

The question remains; would Guzman be a viable alternative to Tri-State Generation and Transmission?

“No, an outfit like Guzman is not in the best interests of our members,” he said. “We have a long-term responsibility to meet the power needs of all our members, and there’s a reason these outfits come in and do short term contracts. While they may be able to provide short-term savings, they don’t provide stability for the long-term.”

Herrera said short-term contracts expire, “there’s a real risk that the power market at that time will be at a much higher cost. Not having a long-term contract introduces significant risks for our co-op and our members.”

Herrera added that, “each utility needs to look at their situation and decide what’s best for them.”

In addition to providing electricity, Herrera said the cooperative is open to working with other entities in the community; mainly Socorro Consolidated Schools and TDS Telecom, a cable TV and telephone company which also provides high-speed internet.

The school district wants to piggy-back on the co-op’s poles to be able to run a fiber optic internet line to Midway Elementary and San Antonio Elementary.

As for working with Socorro Consolidated Schools to accomplish this, Herrera said the co-op is open to working with the school district

“A copy of our pole license agreement has been provided to the school’s administration to review,” Herrera said.

In a separate matter, TDS Telecom, to fully realize its intention to provide high speed internet to City of Socorro residents, also wants to use the co-op’s existing poles.

According to Herrera, the cooperative has no problem with that, either.

“We’ve had several conference calls with TDS,” he said. “We sent an engineering, pole change outs and inspections for the attachment to 1,500 SEC poles Cost Estimate to TDS on April 28, 2017. We’ve gotten no response (as of Tuesday).”

The only commonality is the license pole attachment agreement, which would apply to both TDS and the school district.