

My Turn

'Ugly battle for proposed Kit Carson rate increase'

Linda Bence

Kit Carson Electric Cooperative CEO Lu's Reyes has turned the battle for the proposed rate increase into an unfair, ugly battle. Unwilling to wait for the outcome of the hearing and decision of the Public Regulation Commission, Reyes has arbitrarily notified 311 of the 317 who submitted protests that they are invalid.

These actions are an attempt to intimidate and bully those members who do not agree with him and to discourage their attendance at the hearing. The proposed rate increase is regressive and punishes those who conserve.

Reyes is not the ultimate authority on the validity of the protests that were all submitted not in hate, but in good faith, by the many diverse members who feel that the rate increase will hurt them. The PRC that sits over Reyes will oversee and regulate any proposed increase. It is unkind and unfair to denigrate and demean those members who have taken the time to thoughtfully express their views. Reyes claims that most of the protests deal with the co-ops' diversification. Diversification cannot be ruled out as the cause for the shortfall in the co-op's finances because the co-op has failed to involve its members in decisions involving substantial financial outlays that will affect them, their families and their businesses for decades to come.

The only way that the PRC can determine if the co-op has used electric funds in his acquisitions is for the PRC to conduct a forensic audit of all electric funds from 2000 to the present to learn whether electric funds were used for any diversifications. The co-op should have to prove that all funds for peripheral activities are and have been separated in every manner and that each entity has and has had their own insurance policies, administrative and secretarial services, transportation and office space.

Until this year, the Kit Carson trustees were overseeing the entire co-op until Reyes learned that the PRC would not entertain the proposed electric rate increase until he removed all of the peripheral entities. It is then that a new board was installed for propane. Up to that point, propane, Internet and other peripheral entities were commingled with the electric funds.

Reyes claims that there has not been a rate increase by Kit Carson in over 25 years. This alone tells you that we have been overcharged and rates collected were far greater than were needed for electric services. A forensic audit will tell us if the excess funds which were collected from rate payers were not used for peripheral entities, whether Kit Carson would still be asking for a rate increase.

The Kit Carson bylaws in Article I, Section 4 state: "It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital, and each member shall be credited with the capital so furnished as provided in the Bylaws."

Nowhere in the bylaws does it state that the electric funds should be used to fund nonelectric peripheral entities. It has been several years since Kit Carson has notified members of the balances in their capital credit accounts. Do they still exist?

The co-op has been developing interests and entities that are not in the best interest of members. We are long past due for members to be taking a hard look at the functions of the co-op and whether it is not time for 3 percent of the membership to petition for a special meeting to recall the trustees and to hold a special election for trustees that will better serve the welfare of the co-op members. Reyes' position with the co-op should be evaluated for his continuing as CEO.

Some members continue to pay outrageous charges, far in excess of Kit Carson's for-profit competitors. Do you really want to pay 44 cents more per gallon for propane or double the fees for Internet? It is time to become an electric-only co-op.

Linda Bence, an activist, has been a resident of Taos County for nearly 13 years.