

PRC to hear Kit Carson rate hike

By J.R. Logan

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After more than 100 people stormed a Public Regulation Commission hearing in Santa Fe on Monday (Jan. 10), the commission says it will go forward with a review of a proposed rate increase by Kit Carson Electric Cooperative.

The hearing was intended to decide the validity of the hundreds of protests that had been sent to the state Public Regulation Commission opposing the rate hike.

After more than four hours of testimony, Commissioner Jason Marks recommended that the commission take a straw poll to determine if a majority thought it would be appropriate to move forward with a rate hike. The four commissioners who were present all announced their intention to vote for a rate review. Commissioner Jerome Block Jr., in whose district the co-op service area is located, was present for part of the meeting but was absent during the vote.

No formal count of valid protests was ever determined, but commission staff testified that the number at least met the minimum requirement of 25 for a review.

A spokesman for the Public Regulation Commission said the commission would make a formal vote regarding the rate review at its meeting Thursday (Jan. 13).

If the commission votes as expected, the process could potentially be drawn out for months and become very costly. To date, Reyes said Monday that the co-op has between \$40,000 and \$50,000 in the case. State law specifically states the cost of a rate case can be passed onto the customers.

After the straw poll was taken and much of the crowd dispersed, co-op trustee Manuel Medina took an opportunity to address the commission. He said much of the rancor heard that morning was more about personal gripes with the co-op rather than related to the electric rate increase.

Co-op board of trustees president Bobby Ortega also spoke after the masses left. He told the commission that the rate hike was approved by a 9-2 vote, adding that the increase was "the best route to take at the time."

Ortega urged the commission to move forward with the review in a timely manner. "We look forward to going to the next step," Ortega said.

'Just cause'

Last week, lawyers for the co-op as well as CEO Luis Reyes, filed written testimony with the commission in which Reyes contended that only six of the protests were valid.

The co-op based its assertion on technical and procedural errors in filing the protests, such as missing deadlines or failing to have an active account with the co-op. Many other protests were invalidated for addressing issues like cross-subsidization among the co-op's electric, propane and telecom divisions.

But protesters made the trip south Monday morning to object to those findings.

While those in attendance included co-op officials, lawyers and some trustees, the majority of the throng was composed of members whose protests against the rate hike had been disqualified by the co-op.

The crowd filled the commission's hearing room and spilled out into the hallway, filling an adjacent room designed to handle overflow crowds. Many protesters waiting to speak sat on the floor or stood at the door of the hearing room.

The sheer volume of protests and the size of the crowd led to considerable confusion at the start of the hearing. Lawyers for the co-op, commissioners, and commission staff spent the first hour trying to work out how to collect testimony from the co-op and hear from those who wanted to speak.

Amid the confusion, Sandra Richardson, a co-op member, was appointed by the commission chairman to make a list of protesters who wished to speak. Richardson said after the meeting that she had 96 names on that list.

In opening statements by co-op attorney Charles Garcia, the co-op asserted that it was an independent organization and that this was not the venue to discuss many of the issues raised by the protesters.

"Members of the co-op have input to the rates that they pay by virtue of the trustee they elect to their board," said Garcia.

Garcia said the grounds upon which the protest were based do not provide the "just cause" outlined in the law for the commission to review the rates.

But Cydney Beadles, staff counsel for the commission, challenged that statement on behalf of the protesters.

"'Just cause' is a relatively low threshold for the commission to find to proceed to a rate case," Beadles said. "The commission needs to find that the protests as a whole raise issues that are rationally related to matters subject to commission oversight."

Grounds for denial

Commissioner Marks, who represents the northeastern corner of the state, was direct in his questioning of Reyes.

Marks used a protest from Felipe Abeyta (the first name on the list) as an example. Abeyta wrote in his protest that he didn't think the new rate structure was fair to low-energy users; the co-op disqualified his protest because it claimed he didn't explain why the new rates were "unjust, unreasonable or otherwise unlawful."

Marks asked what the grounds were for disqualifying Abeyta's protest. Reyes answered that the new rate design is more fair for all co-op customers. "It sounds to me like you're saying that Mr. Abeyta disagrees with what you want to do, and because you're right and he's wrong, his protest doesn't count," Marks said. After applause from the audience, Marks posed his question another way.

"He's protesting the rate design. Why isn't that a specific enough protest in Kit Carson's mind, other than the fact that you think the rate design is OK?"

Reyes added that Abeyta's protest was part of a form letter, bringing into question its validity. "We didn't know if that person knew what they were signing when they sent it to the cooperative," Reyes said.

The statement drew jeers from the crowd.

Marks also brought up the issue of cross-subsidization among the co-op's divisions. Many protesters cited diversification in their protests, but Reyes has maintained for weeks that such issues are outside the scope of the commission's jurisdiction.

During his questioning of Reyes, Marks asked if a review of the co-op's books might help put to rest some of those concerns among members. Reyes responded that a review would probably not put the issue completely to rest, but he was insistent that there has been no cross-subsidization.

"I think that's what the commission would find — that there is no cross-subsidization," Reyes said.

Overflow crowds

Following testimony from Reyes, protesters took their turns making their case to the commission.

Vocal co-op critic Jerome Lucero was the first to officially make his pitch. He pleaded with the commission to investigate the co-op's rate hike because the members don't have the means to do so.

After his presentation, Commissioner Marks asked Lucero if a thorough look at the co-op's books would dispel his concerns about diversification and cross-subsidization. Lucero said that it would.

For much of Monday's meeting, Arroyo Hondo resident Link Summers informally assumed the role of representing the protesters. Summers cross-examined both Reyes and Marty Blake, the consultant hired to do the co-op's cost of service study.

Summers told *The Taos News* during a break in the hearing that he came to Santa Fe to help make sure the process wasn't conducted unfairly and that protesters weren't thrown by the wayside.



Kit Carson members raise their hands when asked by the Public Regulation Commission to show if their protests had been disqualified by the co-op.