

Kit Carson Electric rate hikes go before PRC; decision pending

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A ruling in a contentious rate hike appears to be nearing a final decision as the case went before the New Mexico Public Regulation Commission for discussion Tuesday (Sept. 13).

Hearing examiner Lee Huffman spent about 45 minutes addressing the commissioners but no action was taken Tuesday morning.

Huffman presided over five days of testimony in July and has since prepared written recommendations for the commissioners to consider. Huffman told *The Taos News* Tuesday afternoon that he expected the Kit Carson rate increase to be discussed once more at a public meeting before the commissioners make a final ruling.

Almost one year ago, the co-op announced plans to restructure its rates for the first time in 25 years. The original proposal was to increase the monthly fixed charge for residential customers from \$10 to \$20.50 while slightly decreasing the hourly rate for electricity.

In his written recommendation, Huffman suggested that the co-op instead increase the monthly charge for residential members to \$14.50. He also recommended that low-energy users pay less per kilowatt hour than those who use greater amounts of electricity.

Under Huffman's plan, the co-op would actually make more money than it had originally requested. But Huffman said incentivizing low energy use would likely lead to energy conservation, and he explained that the extra revenue would account for future losses associated with conservation.

Huffman wrote that his plan was "a fair balance of Kit Carson's interests and those of its customers."

But both the co-op and its critics have taken issue with Huffman's findings.

Peter Adang — who was part of the contingent opposing the rate hike — wrote in a case filing that providing the co-op with more money than it requested was unfair to ratepayers.

Meanwhile, attorneys for the co-op contend that Huffman's plan does not allow the co-op to pursue energy efficiency and conservation while making sure it brings in enough money to maintain its electric system. Co-op lawyers also wrote that low-income members tend to use more energy than the average member, and Huffman's plan would be a greater burden on poor members.

Though the rate increase was the impetus for acrimonious arguments over the co-op, critics of Kit Carson focused mainly on losses in diversified businesses, a regional command center and a \$64 million broadband project.

In his recommendation, Huffman said the case record shows that the co-op “has lost about \$7.7 million on its diversified activities” — namely its affiliated propane and Internet businesses. But Huffman later wrote that there is no evidence that those losses were a factor in Kit Carson’s rate design.