

## **PRC approves \$4.50 Kit Carson rate increase**

**By J.R. Logan**

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In a narrow vote Tuesday (Sept. 20) the New Mexico Public Regulation Commission voted to approve a rate hike for Kit Carson Electric Cooperative that will increase the fixed residential customer charge from \$10 a month to \$14.50 a month.

The cost of electricity will also increase depending on the amount of energy a member uses on a monthly basis.

According to an order from the commission, the new rates could be in place as soon as Saturday (Sept. 24).

Tuesday's decision marks the end of what has been nearly a year-long debate between the co-op and its critics. The Public Regulation Commission began an investigation into the proposed rates in January after hundreds of co-op members protested the increase.

The commission voted 3-2 Tuesday in favor of the proposal, which was recently drafted as a compromise by the co-op. Commissioners Patrick Lyons, Jerome Block Jr. and Jason Marks voted to approve the increase, and commissioners Ben Hall and Theresa Becenti-Aguilar cast dissenting votes.

Marks told *The Taos News* Tuesday that the commission did its due diligence while investigating the validity of the proposed increase, and he insisted that the vote was not simply a "rubber stamp." In the end, Marks said it was clear the co-op needed new rates.

"Legally, I had to vote to allow them to recover the cost of providing electric service under the facts that we had," Marks said.

But Hall told *The Taos News* Wednesday (Sept. 21) that he voted against the rate hike because of losses the co-op had incurred in its diversified propane and Internet divisions, and an apparent unwillingness from co-op management to change how it does business.

"I'm not going to give somebody an increase when they just squander ratepayer money and have no remorse over it," Hall said.

The co-op had originally asked that the flat monthly residential fee be increased from \$10 to \$20.50, while the price of electricity would decrease slightly. The coop said the new rate design would shift revenue to a fixed cost to make up for waning energy sales.

But some members complained that the co-op's plan would initially give those who use more electricity a decrease on their bills while placing an undue financial burden on those who conserve energy.

In protests last winter, many members suggested that ratepayers were subsidizing losses in the co-op's Internet and propane companies, thus prompting the need for a rate hike.

In his recommended decision, hearing examiner Lee Huffman stated that records showed the co-op had lost about \$7.7 million on those ventures, but that the losses did not appear to be directly related to the rate increase.

"We feel really vindicated," co-op CEO Lu's Reyes said when asked about the findings. "We took a lot of criticism, but in the end, several third parties showed that we have maintained the businesses as separate."

Jerome Lucero, who was among the "intervenors" protesting the rate hike, told *The Taos News* Tuesday that the rate case at least gave members an opportunity to scrutinize the co-op management and board, and bring to light some longstanding concerns. "I feel like we made a big difference in Santa Fe," Lucero said. "Lu's (Reyes) didn't get all that he wanted."

Included in the decision, the Public Regulation Commission is requiring that the co-op separate its Internet company from the electric utility so that rate payers are not liable for telecom losses. The commission is also asking that the co-op come back in a year and show the amount of compensation paid to its board of trustees.

The decision Tuesday morning marks the co-op's first increase to its customer charge in 26 years. Though Reyes said the approved plan will likely allow the co-op to meet its financial goals in the near future, he said that the deal approved Tuesday may not be enough to keep the co-op solvent for long. If energy use continues to decline, Reyes said, the co-op could be asking for another hike in as few as three years.