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Taos County grills Kit Carson Co-op on rate hike

By J.R. Logan

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The Taos County Commission is considering a resolution that would ask the state Public Regulation Commission to formally review a proposed rate increase by Kit Carson Electric Cooperative.

At least 25 co-op members must protest the rate hike for the PRC to consider a hearing, but some say the resolution would serve to “bolster” those protests.

The resolution, which was read aloud by Commissioner Nicklos Jaramillo at a meeting Tuesday (Oct. 19), cited the difficult economic climate. He asked that it be approved at an Oct. 26 special meeting.

The commission heard from co-op CEO Lu's Reyes, who gave his reasoning behind the increase, and he spoke about a \$64 million grant/loan made possible with federal stimulus dollars that would install broadband across the service area. About \$19 million will come in the form of a 4 percent loan.

Reyes was grilled by commissioners on the direction the coop was taking.

Jaramillo, who once was a coop trustee, repeatedly accused Reyes and the co-op of pushing for the rate increase to secure funding for its broadband project. He said those paying their electric bills had already been forced to subsidize the co-op's propane and Internet ventures — both of which have continually lost money for the co-op.

“Why is Kit Carson venturing into other areas if we cannot substantiate what we have already tried and pretty much failed?” Jaramillo said. “In this economy, are we traveling too fast into the future?”

As many times as the accusation was leveled, Reyes said the rate increase and the broadband project were entirely unrelated.

The electric rate hike is based on an independent cost of service study completed about a month before it was announced that the co-op had been awarded the grant/loan, Reyes said.

According to Reyes, broadband access would provide an opportunity for improved education, medicine and economic development in Taos County.

The co-op says the broadband loan will be paid with revenue from the service it provides. But if customers don't materialize, Jaramillo said members would have to cover the cost.

As for the rate hike, the bulk of the increase is in the monthly customer charge. That charge

varies depending on the rate class, but residential customers will see the fee go from \$10 to \$20.50 a month per meter.

Reyes explained that the change would shift the profit margin away from the cost of energy and allow the co-op to promote energy efficiency without hurting its bottom line.

Many of Reyes comments were followed by sneers and hushed scoffs from some in the standing-room-only audience.

Co-op critic Jerome Lucero commended the commission for asking questions and for considering a resolution. He was critical of the broadband project, saying an investment of that size should have gone to a vote to the members.

Commissioner Andrew Chávez (a former manager of the co-op's propane division) said that, based on the balance sheets, the hike appeared warranted. But he suggested that there be greater transparency in the process and better dissemination of the co-op's financial statements so members could understand the reasoning behind the change.