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County takes stand against Kit Carson

By J.R. Logan

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Citing tough economic conditions and a lack of justification from the co-op, the Taos County Commission has adopted a resolution asking for a review of a rate increase proposed by Kit Carson Electric Cooperative.

"The people of Taos County can no longer be squeezed for more money," said commissioner Andrew Chávez during a special meeting Tuesday (Oct. 26).

The resolution states that the review of the rate hike, which would be done by the New Mexico Public Regulation Commission, is contingent "upon the anticipated protest by a substantial number of its members.

By law, the Public Regulation Commission has the authority to choose to review a co-op rate increase if 25 or more of its members formally protest the hike.

Assistant county attorney Jake Caldwell told *The Taos News* Wednesday (Oct. 27) that, from a legal standpoint, the resolution isn't binding. But it could help persuade the Public Regulation Commission to conduct a formal review. "I don't think it does anything other than alert the PRC that there is more public interest in this matter than may be expressed by the formal protests," Caldwell said.

Word of the resolution first came at the county's Oct. 16 meeting at which commissioners Nicklos Jaramillo and Andrew Chávez grilled co-op CEO Lu's Reyes and board chairman Bobby Ortega about the increase.

Many of the issues raised at that meeting appear in the resolution.

The resolution states that the county, state and country are "in the midst of a severe recession that has made it difficult for many Taos County families to meet their financial obligations."

The resolution also states that executive and board member compensation at the co-op has come under public scrutiny recently, and that the co-op has not made sufficient efforts to make a public disclosure of its financial position to justify the need for the increase.

Commissioners Andrew Chávez, Larry Sánchez and Nicklos Jaramillo voted in favor of the resolution Tuesday. Commissioner Joe Mike Durán was absent and commission chairman Dan Barrone abstained from the vote.

Commissioners Chávez and Jaramillo both have a personal past with Kit Carson. Chávez was a former manager of the co-op's propane division, and Jaramillo sat on the board of trustees while

Reyes was CEO.

In an interview Wednesday, Reyes said he didn't think it was the county commission's place to pass the resolution.

"If Andrew and Nick want to protest as individuals they should, but they should not hide behind the county seal and use county resources to advance their agenda," Reyes said.

In its resolution, the county says it is statutorily "empowered to act to protect the health, safety and welfare of its citizens."

Before the vote, commissioner Chávez made a statement to clarify his position on the rate hike. He said that an article in the Oct. 21 edition of *The Taos News* gave the impression that he was for a rate increase. The article stated that Chávez said the rate hike was needed based on the coop's financial figures.

"We have to have an increase. If not, they won't be able to pay their bills," Chávez said before the vote Tuesday.

But, Chávez explained, though some increase may be necessary, it should not be as big as the one proposed by the co-op. The current proposal would increase co-op revenue by an estimated \$4.3 million a year.

Chávez said he thought it would be more appropriate for the co-op to raise rates only high enough to cover its losses of about \$800,000 a year. He suggested the increase bring in between \$1.1 and \$2.2 million in additional revenue.

Chávez went on to chide the co-op for increasing rates so it could borrow money for a \$64 million grant/loan project to install broadband across its service area.

Reyes has repeatedly said that the rate hike and broadband project are unrelated.

Commissioner Sánchez of Questa said Tuesday he was concerned about the impact the rate hike would have on those who are unemployed or on fixed incomes.

No representatives of the co-op were at Tuesday's meeting, but several outspoken critics of the rate hike were in attendance.

The co-op's monthly board meeting and the county's special meeting where both scheduled for 9 a.m. Tuesday.

Reyes said Wednesday (Oct. 27) that he was "totally surprised" by the passage of the resolution. He said the co-op and the county have had a good professional relationship in the past, and he added that the co-op worked with the county when money was tight.

Reyes also refuted the claim that the co-op has not been forthright with its financial information. He said the financials are shown at monthly board meetings, and are available to any member upon request.

The co-op has also done more than 30 open houses and presentations across its service area to explain the rate increase, Reyes said.

“We have been very transparent,” Reyes said. “We haven’t really hidden anything.”

Though he said Chávez has attended some meetings on the increase, Reyes said Taos County has not made any requests to see the coop’s financial statements. Reyes asked how the commission could adopt a resolution accusing the co-op of being irresponsible without having seen the numbers.

“I don’t know how they can make those claims if they never sat down and talked to us about it,” Reyes said.

After Tuesday’s vote, commission chairman Barrone, who owns Olguin’s Sawmill and Firewood, explained his reasons for abstaining. He said he thought it prudent to exclude himself because he pays several co-op accounts. Barrone said a rate increase would personally cost him much more than the average member, and voting to request a review might appear to be a conflict of interest.

Barrone did add that he did not want to see constituents pay more for electricity, but he suggested that the resolution might breed animosity between the county and co-op.

“The idea of pitting one entity against another doesn’t make for good neighbors,” Barrone said.