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Protests to Kit Carson rate hike flood state commission

By J.R. Logan

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Over 170 protests against a proposed rate hike by Kit Carson Electric Cooperative have been turned into the Public Regulation Commission as of Monday (Nov. 29), according to a commission spokesman.

But co-op CEO Lu's Reyes said the number of protests already filed is lower than he had expected.

"I actually feel pretty good about it," Reyes told *The Taos News* Tuesday (Nov. 30). "The democratic process is alive."

By law, a minimum of 25 protests can prompt the commission to consider a formal review of the rate increase.

The commission has until Dec. 15 to determine whether to investigate the rates, and co-op members still have until Dec. 6 to file a protest with the commission.

The new rates would go into effect Dec. 15 without a formal review, but with the number of protests, that scenario looks unlikely.

Even Reyes said he expects the Public Regulation Commission to at least hold a preliminary hearing on the rate hike. "We think they will take it on to hear the validity of the protests," Reyes said.

Details of the rate hike were made public at the end of September, and opposition to the changes soon followed.

Critics

In their protests, outspoken critics of the co-op have cited a number concerns outside the limited scope of the electric rates.

Ernesto Gonzales of Vadito said his is among the protests that have already been filed. His primary concerns: The co-op has not done enough to reduce expenses internally and diversification into propane and telecom have pushed the co-op into the red.

"The electric rate has had to absorb the losses, at least for the last 10 years," Gonzales told *The Taos News* Tuesday. Gonzales said, given the economic climate, this was the wrong time to be implementing a rate hike.

Gonzales said he has not yet seen or requested copies of the co-op's financial statements.

Jerome Lucero, another vocal challenger to the rate hike, said he's dissatisfied with the general direction the co-op has been heading under Reyes' control.

"It's not so much the rate increase, it's their policy that I have problems with," Lucero said in an interview Wednesday (Dec. 1).

Like Gonzales, Lucero said he hopes the Public Regulation Commission will take these broader issues under consideration if it decides look deeper into the rate hike.

'Good, solid case'

But Reyes, who's been meeting with members and fielding criticism for weeks, is not convinced that the majority of the comments are relevant to electric rates.

"We think a majority of the (protests) at the PRC, if they're the same ones we're getting, aren't really related to the rate increase," Reyes said.

Reyes has maintained that the proposed rates are strictly based on a cost-of-service study done in 2009 that pinpointed the co-op's costs and revenues in its electric service. He has explained that efforts to promote energy conservation have worked, but to the detriment of the bottom line. The co-op lost about \$800,000 last year and expects to lose a similar amount this year without restructuring the rates.

"I think this is a good, solid case that the paradigm has to change." Reyes said.

For residential electric users, the rate change would lower the cost of energy by a few cents per kilowatt-hour while raising the monthly fee from \$10 to \$20.50.

By changing the rate structure, Reyes said the co-op could continue to urge members to reduce energy use while maintaining its revenue.

However, the initial impact to low-energy users has been a point of contention for many members.

The co-op calculates that energy hogs — those in the residential class using more than 750 kilowatt-hours a month — will initially see their normal bill amount drop. At the same time, those using only 100 kilowatt-hours will see their bills go up by about \$9 a month.

Reyes said the switch is necessary if the co-op wants to continue its progressive approach to energy use.

"If there is a hearing on the rate case, Kit Carson is prepared to show why, in the long run, this is the best rate model to lead us into the new, energy efficiency world," Reyes said.