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My Turn

Kit Carson debt to equity problem

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It is time that the Kit Carson CEO and Board of Directors really start paying attention to the amount of debt that this co-op has been allowed to accrue.

In an article written by J.R. Logan on Nov. 12, he quoted an increasing debt of \$85 million at the end of the year. This number did not include any of the \$19 million debt that will be a part of the Broadband project rollout. It also does not include the already quoted \$37 million proposed Tri-State buyout costs. If you add these two numbers together it is \$122 million and climbing.

CEO Luis Reyes says he is going to get the new supplier of power to pay that \$37 million cost. I for one just do not believe that any other power supplier will sign a contract that will not allow them to recoup that money at some point.

I believe that Kit Carson needs to stay with Tri-State and merely hold it accountable when it comes to being the supplier of power to the area. We did this very thing at Mora San Miguel Electric by forcing Tri-State to pay for and operate the Rainsville 115 Kv delivery point. In that case Tri-State paid about half of the value of the facility because that was the book cost at the time of takeover.

Kit Carson has that same opportunity with its 3-4-year-old 115 KV facility, which was built in Ojo Caliente. The longer that Kit Carson waits to hold Tri-State accountable for the cost of this facility, the more it will benefit the supplier because the book value of the asset will continue to decline. If Kit Carson changes power suppliers that expense will be lost unless it is made a part of the exit strategy.

Now let me shift gears a little bit and talk about something that I have read on board member Peter J. Adang's blog — a very colorful language representation of the very people that got him elected to the board in 2012. Mr. Adang has written in his blog that several consumers have talked to him about the amount of debt that the co-op has amassed but no one can give him a reason why this is a problem. He also requests that we as protesters take the time to go to the meetings and educate ourselves in the business of the co-op.

What Mr. Adang has forgotten is that Mr. Reyes has a complete stranglehold on the individual consumer's right to address the board with any matter that we as concerned members might have. We tried this approach the last time that Kit Carson went for a rate increase and one of Mr. Adang's strongest supporters was not allowed to speak. That supporter was Miss Linda Bence.

On the reason why it is bad when a business spends or has long-term debt that is approaching the equity or book value of the company — it is called going under water and one should be able to recall when a significant number of home mortgages suffered this fate — it affected the

whole economy. Additionally, Kit Carson Electric Cooperative does not have the ability like the federal government does to print money to support their wish list of projects. We have to pay our bills with money that has been earned the traditional way – we have to earn it. In conclusion let me be the first to admit that Tri-State is a company that has taken advantage of the electric cooperatives in New Mexico. They try to convince you that you are part of the family but then turn around and treat you like stepchildren. And they can do this because they have the majority in their Colorado- Wyoming-Nebraska numbers. But in the end it is my belief as stated before that when it comes to dealing with a large corporation such as Tri-State or any other generation and transmission company Kit Carson is a small player and has very little affect on operating policies.

What this whole endeavor calls for is that the member owners of the cooperative make every effort to take back its cooperative from the CEO and board management, and that includes the filing and following through with a sustained protest at the New Mexico Public Regulation Commission in Santa Fe.

In the end if we as consumers just stand by and do nothing then we deserve what we get.

Jerome Lucero is a resident of Taos.