

## Compromise would raise average power bill by about \$12

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The average household getting power from Kit Carson Electric Co-op would pay about \$12.50 more each month if a proposed settlement is approved by state regulators.

The co-op and staff for the New Mexico Public Regulations Commission (PRC) have agreed to settlement terms in a "stipulation" filed by the co-op with regulators this week.

Late last year, the co-op announced its intent to raise electric rates to shore up slumping sales and a flagging bottom line. Some co-op members protested the increase, prompting a hearing and investigation by regulators to determine if the rate hike is justified.

Multiple days of hearings on the case are scheduled to begin Aug. 15 in Santa Fe. But the hearings might not happen if the five-member PRC approves the settlement ahead of time.

"This is a fair settlement for everybody," co-op CEO Luis Reyes told *The Taos News* July 27.

According to the stipulation, the terms were a compromise between the co-op and PRC staff members, who had independently calculated a reasonable revenue increase based on the co-op's energy sales in 2014.

Among its provisions, the stipulation would increase the flat fee paid by residential customers from \$14.50 to \$20.50 a month.

The stipulation also proposes increasing the cost per kilowatt-hour of electricity for most homeowners by about 1.4 cents. The average home uses about 450 kilowatt-hours a month, meaning consumers would pay about \$6.50 more for the actual power.

Including the increased flat rate and cost of power, the average homeowner would see a 20 percent increase.

By comparison, Kit Carson's original proposal would have raised rates on the average homeowner by \$16 a month, or 26 percent.

Reyes said the cost of power does not reflect what the co-op is paying its new supplier, Guzman Renewable Energy Partners. Neither the co-op nor Guzman have publicly disclosed the wholesale cost of power under that deal.

For years, the co-op has argued that it would like to rely more on revenue generated from the flat fee (or service charge) to ensure a consistent revenue stream. Power sales have been on the decline in recent years, meaning the co-op is losing money once generated by electricity use.

The stipulation asserts that the proposed rate design would not punish people who conserve energy, nor would it interfere with the expansion of renewable energy.

Members who protested the increase — known as intervenors — have said they're drafting their own settlement terms to present to the commission.

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