

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE FILING OF)
PROPOSED NEW RATES BY KIT CARSON)
ELECTRIC COOPERATIVE, INC.) Case No. 15-00375-UT
)
KIT CARSON ELECTRIC COOPERATIVE,)
INC.,)
)
Applicant.)
_____)

NOTICE TO KIT CARSON ELECTRIC COOPERATIVE, INC. MEMBERS

Notice is hereby given of the following matters pertaining to the above captioned case pending before the New Mexico Public Regulation Commission ("Commission"):

On December 3, 2015, Kit Carson Electric Cooperative, Inc. ("KCEC") filed the proposed rates in KCEC's Advice Notice No. 60. In its Advice Notice, KCEC stated that the proposed general rate increase is \$3,488,512.00, an increase above test year revenues of 9.02%. A residential customer who consumes 500 kWh per month would experience a rate increase from \$70.82 to \$84.24; an increase of 18.96%.

On February 22, 2016, KCEC filed its Application and testimonies in this case. The Commission has suspended KCEC's Advice No. 60 for a period of nine (9) months from its Application filing date.

In its March 2, 2016 Order, the Commission found that there were (88) eighty-eight timely valid Protests filed that express a proper basis for review and

support a finding of "just cause" and that based upon the facts of the present case, the hearing and review in this case shall be limited to the following issues:

- i. Is the proposed split in cost recovery for the residential class between fixed monthly charges and volumetric charges a just and reasonable rate design?
- ii. Is KCEC's proposed elimination of the inverted block structure for residential rates just and reasonable?
- iii. Does KCEC's proposed rate design punish people in the residential class that are willing to conserve energy, so-called "low users"?
- iv. Does KCEC's proposed rate design for the residential class discourage energy conservation and the installation of renewable generation technologies?
- v. Is the increase in the monthly fixed charge for the residential class just and reasonable?
- vi. Is the amount of the cost of service allocated to the residential class just and reasonable?

Listed below is a comparison of residential customer bills at present and proposed rates and at differing kWh consumption levels.

RATE NO. 1 - RESIDENTIAL SERVICE "RS"

| | <u>PRESENT</u> | <u>PROPOSED</u> | <u>\$</u> | <u>%</u> |
|----------------------------|----------------|-----------------|-----------------|-----------------|
| <u>KWH</u> | <u>RATE</u> | <u>RATE</u> | <u>INCREASE</u> | <u>INCREASE</u> |
| - | \$14.50 | \$20.50 | \$6.00 | 41.38% |
| 250 | \$42.66 | \$52.37 | \$9.71 | 22.77% |
| 500 | \$70.82 | \$84.24 | \$13.43 | 18.96% |
| 750 | \$98.97 | \$116.11 | \$17.14 | 17.32% |
| 1,000 | \$129.63 | \$147.98 | \$18.35 | 14.16% |
| 2,000 | \$259.76 | \$275.46 | \$15.70 | 6.04% |
| | <u>PRESENT</u> | <u>PROPOSED</u> | <u>\$</u> | <u>%</u> |
| | | | <u>INCREASE</u> | <u>INCREASE</u> |
| System Charge | \$14.50 | \$20.50 | \$6.00 | 41.38% |
| Energy Charge (First 750) | \$0.10500 | \$0.12748 | \$0.0225 | 21.41% |
| Energy Charge (Next 500) | \$0.11500 | \$0.12748 | \$0.0125 | 10.85% |
| Energy Charge (Over 1,250) | \$0.12500 | \$0.12748 | \$0.0025 | 1.98% |
| Fuel Cost Adjustment | \$0.00526 | - | | |
| Debt Cost Adjustment | \$0.00237 | - | | |

RATE 2 - RESIDENTIAL SERVICE SEASONAL "SS"

| | PRESENT | PROPOSED | \$ | % |
|---------------------------|----------------|-----------------|-----------------|-----------------|
| KWH | RATE | RATE | INCREASE | INCREASE |
| - | \$14.50 | \$24.00 | \$9.50 | 65.52% |
| 250 | \$44.13 | \$56.21 | \$12.08 | 27.37% |
| 500 | \$75.56 | \$88.42 | \$12.86 | 17.02% |
| 750 | \$108.19 | \$120.63 | \$12.44 | 11.50% |
| 1,000 | \$140.82 | \$152.84 | \$12.02 | 8.54% |
| 2,000 | \$271.34 | \$281.68 | \$10.34 | 3.81% |
| | | | \$ | % |
| | <u>PRESENT</u> | <u>PROPOSED</u> | <u>INCREASE</u> | <u>INCREASE</u> |
| System Charge | \$14.50 | \$24.00 | \$9.50 | 65.52% |
| Energy Charge (First 100) | \$0.11200 | \$0.12884 | \$0.0168 | 15.04% |
| Energy Charge (Next 250) | \$0.11200 | \$0.12884 | \$0.0168 | 15.04% |
| Energy Charge (Over 350) | \$0.12400 | \$0.12884 | \$0.0048 | 3.90% |
| Fuel Cost Adjustment | \$0.00487 | - | | |
| Debt Cost Adjustment | \$0.00165 | - | | |

RATE NO. 17 – RESIDENTIAL SERVICE OPTIONAL TIME OF USE "RS-TOU"

| | PRESENT | PROPOSED | \$ | % |
|--------------------------|------------------|-------------------|-----------------|-----------------|
| KWH | RATE | RATE | INCREASE | INCREASE |
| - | \$16.50 | \$22.50 | \$6.00 | 36.36% |
| 250 | \$43.68 | \$52.55 | \$8.87 | 20.30% |
| 500 | \$70.86 | \$82.59 | \$11.73 | 16.56% |
| 750 | \$98.04 | \$112.64 | \$14.60 | 14.89% |
| 1,000 | \$125.22 | \$142.68 | \$17.46 | 13.95% |
| 2,000 | \$233.94 | \$262.87 | \$28.93 | 12.36% |
| | <u>% ON-PEAK</u> | <u>% OFF-PEAK</u> | | |
| | 44.12% | 55.88% | | |
| | <u>PRESENT</u> | <u>PROPOSED</u> | <u>\$</u> | <u>%</u> |
| | | | <u>INCREASE</u> | <u>INCREASE</u> |
| System Charge | \$16.50 | \$22.50 | \$6.00 | 36.36% |
| Energy Charge - On-Peak | \$0.15645 | \$0.16885 | \$0.0124 | 7.93% |
| Energy Charge - Off-Peak | \$0.05588 | \$0.08176 | \$0.0230 | 39.05% |
| Fuel Cost Adjustment | \$0.00594 | \$ - | | |
| Debt Cost Adjustment | \$0.00253 | \$ - | | |

RATE NO. 18 - RESIDENTIAL SERVICE SEASONAL OPTIONAL TOU "SS-TOU"

| | PRESENT | PROPOSED | \$ | % | |
|--------------------------|------------|------------------|-------------------|-----------------|-----------------|
| | <u>KWH</u> | <u>RATE</u> | <u>RATE</u> | <u>INCREASE</u> | |
| | - | \$16.50 | \$26.00 | \$9.50 | 57.58% |
| | 250 | \$45.64 | \$56.30 | \$10.66 | 23.37% |
| | 500 | \$74.78 | \$86.61 | \$11.83 | 15.82% |
| | 750 | \$103.92 | \$116.91 | \$12.99 | 12.50% |
| | 1,000 | \$133.06 | \$147.21 | \$14.16 | 10.64% |
| | 2,000 | \$249.62 | \$268.43 | \$18.81 | 7.54% |
| | | <u>% ON-PEAK</u> | <u>% OFF-PEAK</u> | | |
| | | 50.59% | 49.41% | | |
| | | <u>PRESENT</u> | <u>PROPOSED</u> | <u>INCREASE</u> | <u>INCREASE</u> |
| System Charge | | \$16.50 | \$26.00 | \$9.50 | 57.58% |
| Energy Charge – On-Peak | | \$0.15845 | \$0.15921 | \$0.0008 | 0.48% |
| Energy Charge – Off-Peak | | \$0.05788 | \$0.08231 | \$0.0244 | 42.21% |
| Fuel Cost Adjustment | | \$0.00612 | | | |
| Debt Cost Adjustment | | \$0.00168 | | | |

These rate comparisons are for informational purposes only and the proposed rate design may vary from the final rates ultimately charged to the residential class and for each consumption level.

The Commission has assigned Case No. 15-00375-UT to this proceeding and all inquiries or written comments concerning this proceeding should refer to that case number.

The Hearing Examiner has established the following schedule for this case:

- A. Staff shall, and Interveners may, file Direct Testimony by June 10, 2016.
- B. Rebuttal Testimony may be filed by July 29, 2016.

C. A public hearing will begin at 9:00 A.M. on August 15, 2016, at the Commission's offices, P.E.R.A. Building, 1120 Paseo de Peralta, Santa Fe, New Mexico.

The procedural dates and requirements provided herein are subject to further Order of the Commission or the Hearing Examiner. Interested persons should contact the Commission for confirmation of the hearing date, time and place, since hearings are occasionally rescheduled.

The Commission's Utility Division Procedures, 1.2.2 NMAC, shall apply to this case except as modified by Order of the Commission or Hearing Examiner.

Any interested party may appear at the time and place of hearing and make written or oral comment pursuant to 1.2.2.23(F) NMAC without becoming an intervener. Interested persons may also send written comments, which shall reference NMPRC Case No. 15-00375-UT, to the Commission at P.O. Box 1269, Santa Fe, NM 87504-1269. Such comments will not be considered as evidence in this case.

Any interested person may examine KCEC's filing in this case as well as any exhibits and related papers that may be filed in this case at KCEC's offices located at 118 Cruz Alta Road, Taos, New Mexico 87571, telephone: 1-800-944-8159, or KCEC's website, www.kitcarson.com or at the Commission's offices, 1120 Paseo de Peralta, Santa Fe, New Mexico 87501, telephone: 1-(888)-427-5772.

Further information regarding this case can be obtained at the Commission's website, <http://www.nmprc.state.nm.us/>

Any person filing pleadings or testimony shall serve copies via e-mail on all parties, Staff and the Hearing Examiner.

Any person whose testimony has been pre-filed shall attend the hearing and submit to examination under oath.

Any person with a disability requiring special assistance in order to participate in this proceeding should contact the offices of the Commission at least 24 hours prior to the commencement of the hearing.

ISSUED at Santa Fe, New Mexico this 16th day of March, 2016.

NEW MEXICO PUBLIC REGULATION COMMISSION

**Elizabeth C. Hurst
Hearing Examiner**