

NOTICE OF PROPOSED RATE ADJUSTMENT

Kit Carson Electric Cooperative, Inc. ("KCEC") will file proposed rate schedules under Advice Notice No. 60 on December 3, 2015, with the New Mexico Public Regulation Commission ("Commission"), which will result in a rate adjustment to all consumers of KCEC.

Pursuant to Rule 17.9.540 NMAC of the Commission's Rules of Practice and Procedure, KCEC's consumers are notified that:

- a) This filing will result in a \$3,488,512 increase in revenue, or 9.02%. The purpose of the filing is to increase revenues to meet the required benchmarks of a 1.5 time interest earned ratio (TIER) and 1.5 debt service cost (DSC). The current Fuel and Purchased Power Cost Adjustment ("FPPCA") and the Debt Cost Adjustment ("DCA") are included in the revised energy charge. After the tariff changes under this filing go into effect, the FPPCA and DCA charges on the consumer's bill will represent the increase or decrease in power cost and interest cost above or below the base power cost and interest cost as recomputed. The present electric bill is composed of a System, or Customer Charge, a Demand and Energy Charge, and a charge for FPPCA and DCA. After this revision the Customer Charge and/or Demand Charge will be higher and the Energy Charge will be higher.
- b) The power cost on which the base cost is computed for purposes of this revision is the power cost billed to KCEC by Tri-State, at Tri-State's rates which became effective January 1, 2012, applied to KCEC's 2014 usage. This computation results in a base power cost of \$0.081517 per kWh. The base power cost included in KCEC's current tariffs is \$0.07025 per kWh sold. The difference between these amounts will be included in the energy charge per kWh sold in the revised tariff.
- c) The DCA factor is computed separately for each consumer class depending on the demand allocation to that class at the time the present base interest cost was established.

d) The present and proposed rates are as follows:

Customer Class	Current Rate	Proposed Rate	Difference	Percent Difference
Residential Service	\$ 18,574,557	\$ 21,174,510	\$ 2,599,953	14.00%
Residential Seasonal Service	\$ 1,084,939	\$ 1,330,656	\$ 245,717	22.65%
Commercial Service	\$ 6,792,748	\$ 7,309,273	\$ 516,525	7.60%
Power Service	\$ 8,276,738	\$ 8,278,554	\$ 1,816	0.02%
Power Service Time-of-Use	\$ 141,478	\$ 141,514	\$ 36	0.03%
Residential Service Time-of-Use	\$ 501,499	\$ 572,970	\$ 71,471	14.25%
Residential Seasonal Service Time-of-Use	\$ 15,260	\$ 17,435	\$ 2,175	14.25%
Commercial Service Time-of-Use	\$ 186,372	\$ 214,334	\$ 27,962	15.00%
Irrigation Power Service	\$ 19,810	\$ 22,782	\$ 2,972	15.00%
Chevron - Special Contract	\$ 2,691,178	\$ 2,706,474	\$ 15,296	0.57%

e) A comparison of present rates with the proposed rates is as follows:

RATE NO. 1 - RESIDENTIAL SERVICE "RS" (22,278 Consumers)

<u>KWH</u>	<u>PRESENT RATE</u>	<u>PROPOSED 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>
System Charge	\$ 14.50	\$ 20.50
Energy Charge (First 750)	\$ 0.10500	\$ 0.12748
Energy Charge (Next 500)	\$ 0.11500	\$ 0.12748
Energy Charge (Over 1,250)	\$ 0.12500	\$ 0.12748
Fuel Cost Adjustment	\$ 0.00526	\$ -
Debt Cost Adjustment	\$ 0.00237	\$ -

RATE 2 - RESIDENTIAL SERVICE SEASONAL "SS" (2,057 Consumers)

<u>KWH</u>	<u>PRESENT RATE</u>	<u>PROPOSED RATE</u>	<u>\$ INCREASE</u>	<u>% INCREASE</u>
-	\$ 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>
System Charge	\$ 14.50	\$ 24.00
Energy Charge (First 100)	\$ 0.11200	\$ 0.12884
Energy Charge (Next 250)	\$ 0.11200	\$ 0.12884
Energy Charge (Over 350)	\$ 0.12400	\$ 0.12884
Fuel Cost Adjustment	\$ 0.00487	\$ -
Debt Cost Adjustment	\$ 0.00165	\$ -

RATE 3 - COMMERCIAL SERVICE "CS" (4,029 Consumers)

<u>KWH</u>	<u>PRESENT RATE</u>	<u>PROPOSED RATE</u>	<u>\$ INCREASE</u>	<u>% INCREASE</u>
-	\$ 31.00	\$ 34.75	\$ 3.75	12.10%
250	\$ 57.02	\$ 62.42	\$ 5.40	9.47%
500	\$ 83.04	\$ 90.09	\$ 7.05	8.48%
750	\$ 109.06	\$ 117.75	\$ 8.69	7.97%
1,000	\$ 135.08	\$ 145.42	\$ 10.34	7.65%
2,000	\$ 239.16	\$ 256.09	\$ 16.93	7.08%

	<u>PRESENT</u>	<u>PROPOSED</u>
System Charge	\$ 31.00	\$ 34.75
Energy Charge	\$ 0.09721	\$ 0.11067
Fuel Cost Adjustment	\$ 0.00502	\$ -
Debt Cost Adjustment	\$ 0.00185	\$ -

RATE NO. 4 – POWER SERVICE “PS” SECONDARY – KW LOAD 100 (259 Consumers)

<u>LOAD FACTOR</u>	<u>KWH</u>	<u>PRESENT RATE</u>	<u>PROPOSED RATE</u>	<u>\$ INCREASE</u>	<u>% INCREASE</u>
10%	7,300	\$ 2,758.84	\$ 2,980.20	\$ 221.37	8.02%
20%	14,600	\$ 3,152.67	\$ 3,311.40	\$ 158.73	5.03%
30%	21,900	\$ 3,546.51	\$ 3,642.60	\$ 96.10	2.71%
40%	29,200	\$ 3,940.34	\$ 3,973.80	\$ 33.46	0.85%
50%	36,500	\$ 4,334.18	\$ 4,305.01	\$ (29.17)	-0.67%
60%	43,800	\$ 4,728.01	\$ 4,636.21	\$ (91.80)	-1.94%

	<u>PRESENT</u>	<u>PROPOSED</u>
System Charge	\$ 50.00	\$ 50.00
Demand Charge	\$ 23.15	\$ 25.99
Energy Charge	\$ 0.04681	\$ 0.04537
Fuel Cost Adjustment	\$ 0.00539	\$ -
Debt Cost Adjustment	\$ 0.00175	\$ -

RATE NO. 4 – POWER SERVICE “PS” PRIMARY - KW LOAD 100 (18 Consumers)

<u>LOAD FACTOR</u>	<u>KWH</u>	<u>PRESENT RATE</u>	<u>PROPOSED RATE</u>	<u>\$ INCREASE</u>	<u>% INCREASE</u>
10%	7,300	\$ 2,708.84	\$ 2,930.20	\$ 221.37	8.17%
20%	14,600	\$ 3,102.67	\$ 3,261.40	\$ 158.73	5.12%
30%	21,900	\$ 3,496.51	\$ 3,592.60	\$ 96.10	2.75%
40%	29,200	\$ 3,890.34	\$ 3,923.80	\$ 33.46	0.86%
50%	36,500	\$ 4,284.18	\$ 4,255.01	\$ (29.17)	-0.68%
60%	43,800	\$ 4,678.01	\$ 4,586.21	\$ (91.80)	-1.96%

	<u>PRESENT</u>	<u>PROPOSED</u>
System Charge	\$ 50.00	\$ 50.00
Demand Charge	\$ 22.65	\$ 25.49
Energy Charge	\$ 0.04681	\$ 0.04537
Fuel Cost Adjustment	\$ 0.00539	\$ -
Debt Cost Adjustment	\$ 0.00175	\$ -

RATE NO. 16 - POWER SERVICE OPTIONAL TIME OF USE - KW LOAD100 (5 Consumers)

LOAD FACTOR	KWH	PRESENT RATE	PROPOSED RATE	\$ INCREASE	% INCREASE
10%	7,300	\$ 2,977.33	\$ 2,889.40	\$ (87.93)	-2.95%
20%	14,600	\$ 3,250.57	\$ 3,220.60	\$ (29.96)	-0.92%
30%	21,900	\$ 3,523.80	\$ 3,551.80	\$ 28.00	0.79%
40%	29,200	\$ 3,797.04	\$ 3,883.00	\$ 85.96	2.26%
50%	36,500	\$ 4,070.28	\$ 4,214.20	\$ 143.92	3.54%
60%	43,800	\$ 4,343.52	\$ 4,545.40	\$ 201.88	4.65%

<u>% ON-PEAK</u>	<u>% OFF-PEAK</u>
76.80%	100.00%

	<u>PRESENT</u>	<u>PROPOSED</u>
System Charge	\$ 50.00	\$ 50.00
Demand Charge - On-Peak	\$ 28.10	\$ 24.69
Demand Charge - Off-Peak	\$ 4.96	\$ 6.12
Energy Charge	\$ 0.02980	\$ 0.04537
Fuel Cost Adjustment	\$ 0.00574	\$ -
Debt Cost Adjustment	\$ 0.00189	\$ -

RATE NO. 17 - RESIDENTIAL SERVICE OPTIONAL TIME OF USE "RS-TOU" (365 Consumers)

KWH	PRESENT RATE	PROPOSED 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>
System Charge	\$ 16.50	\$ 22.50
Energy Charge - On-Peak	\$ 0.15645	\$ 0.16885
Energy Charge - Off-Peak	\$ 0.05588	\$ 0.08176
Fuel Cost Adjustment	\$ 0.00594	\$ -
Debt Cost Adjustment	\$ 0.00253	\$ -

RATE NO. 18 - RESIDENTIAL SERVICE SEASONAL OPTIONAL TOU "SS-TOU" (14 Consumers)

<u>KWH</u>	<u>PRESENT RATE</u>	<u>PROPOSED RATE</u>	<u>\$ INCREASE</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>
System Charge	\$ 16.50	\$ 26.00
Energy Charge - On-Peak	\$ 0.15845	\$ 0.15921
Energy Charge - Off-Peak	\$ 0.05788	\$ 0.08231
Fuel Cost Adjustment	\$ 0.00612	\$ -
Debt Cost Adjustment	\$ 0.00168	\$ -

RATE NO. 19 - COMMERCIAL SERVICE OPTIONAL TOU "CS-TOU" (93 Consumers)

<u>KWH</u>	<u>PRESENT RATE</u>	<u>PROPOSED RATE</u>	<u>\$ INCREASE</u>	<u>% INCREASE</u>
-	\$ 32.25	\$ 42.90	\$ 10.65	33.02%
250	\$ 56.41	\$ 69.65	\$ 13.24	23.48%
500	\$ 80.56	\$ 96.39	\$ 15.83	19.65%
750	\$ 104.72	\$ 123.14	\$ 18.42	17.59%
1,000	\$ 128.87	\$ 149.89	\$ 21.02	16.31%
2,000	\$ 225.49	\$ 256.88	\$ 31.38	13.92%
	<u>% ON-PEAK</u>	<u>% OFF-PEAK</u>		
	48.54%	51.46%		

	<u>PRESENT</u>	<u>PROPOSED</u>
System Charge	\$ 32.25	\$ 42.90
Energy Charge - On-Peak	\$ 0.12557	\$ 0.13947
Energy Charge - Off-Peak	\$ 0.05552	\$ 0.07635
Fuel Cost Adjustment	\$ 0.00524	\$ -
Debt Cost Adjustment	\$ 0.00186	\$ -

RATE NO. 22 - IRRIGATION POWER SERVICE "IPS" (2 Consumers)

	<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>
-	\$ 26.02	\$ 42.95	\$ 16.93	65.07%
250	\$ 66.45	\$ 88.67	\$ 22.22	33.44%
500	\$ 106.87	\$ 134.38	\$ 27.51	25.74%
750	\$ 147.30	\$ 180.10	\$ 32.80	22.27%
1,000	\$ 187.72	\$ 225.81	\$ 38.09	20.29%
2,000	\$ 349.42	\$ 408.67	\$ 59.25	16.96%

	<u>PRESENT</u>	<u>PROPOSED</u>
System Charge	\$ 26.02	\$ 42.95
Energy Charge	\$ 0.15808	\$ 0.18286
Fuel Cost Adjustment	\$ 0.00180	\$ -
Debt Cost Adjustment	\$ 0.00182	\$ -

RATE 29 - MARKET BASED RATE SCHEDULE - CHEVRON - KW LOAD 1,000 (1 Consumer)

<u>LOAD</u>		<u>PRESENT</u>	<u>PROPOSED</u>	<u>\$</u>	<u>%</u>
<u>FACTOR</u>	<u>KWH</u>	<u>RATE</u>	<u>RATE</u>	<u>INCREASE</u>	<u>INCREASE</u>
40%	7,300	\$ 3,340.53	\$ 2,966.20	\$ (374.33)	-11.21%
50%	14,600	\$ 3,639.62	\$ 3,297.40	\$ (342.22)	-9.40%
60%	21,900	\$ 3,938.71	\$ 3,628.60	\$ (310.11)	-7.87%
70%	29,200	\$ 4,237.80	\$ 3,959.80	\$ (278.00)	-6.56%

	<u>PRESENT</u>	<u>PROPOSED</u>
System Charge	\$ 600.00	\$ 50.00
Demand Charge	\$ 22.38	\$ 25.85
Energy Charge	\$ 0.02895	\$ 0.04537
Loss Adjustment	9.09%	0.00%
System Charge	\$ 0.00200	\$ -
Utility Margin	\$ 0.00233	\$ -
Supervision & Inspection	\$ 0.00506	\$ -
Insurance Premiums	\$ 2,826.00	\$ -

- f) Rate No. 1 residential low income customers that provide proof that they meet the qualification requirements for the New Mexico Low Income Home Energy Assistance Program (LIHEAP) will receive a \$3.00 per month discount on the proposed System Charge. To qualify for the System Charge low income discount, Rate No. 1 customers must demonstrate that they meet the qualification requirements for LIHEAP on an annual basis. The primary holder of the electric account must be listed on the acceptance letter from LIHEAP. The Rate No. 1 residential customer must provide a copy of the acceptance letter to KCEC and must also authorize KCEC to obtain appropriate information from LIHEAP to verify that the primary electric account holder has qualified for LIHEAP.
- g) KCEC will promptly notify a member, who so requests, of the date on which the schedule proposing the new rates will be filed with the Commission.
- h) The proposed new rates will go into effect automatically and without hearing by the Commission unless rate protests, signed by the lesser of one percent (1%) of or twenty-five (25) members of a customer rate class of KCEC, are filed with the Commission setting forth the specific grounds for the protests, and the Commission determines there is just cause for reviewing the proposed rates based upon one or more of the grounds of the protests. The protests of the proposed rates must be filed no later than twenty (20) days after KCEC has filed the schedule proposing the new rates at the Commission.

IF A HEARING IS HELD BY THE PUBLIC REGULATION COMMISSION, ANY COSTS INCURRED BY THE UTILITY MAY BE INCLUDED IN THE UTILITY'S FUTURE RATES, FOLLOWING THE UTILITY'S NEXT RATE CASE.

- i) Procedures for protesting a proposed rate or rates are set forth in NMPRC Rule 17.9.540 NMAC, a copy of which can be obtained upon request from or inspected at either Kit Carson Electric Cooperative, Inc., 118 Cruz Alta, Taos, New Mexico or P.O. Box 578, Taos, New Mexico 87571 (phone 575-758-2258), or on KCEC's website www.kitcarson.com; or at the New Mexico Public Regulation Commission, 1120 Paseo De Peralta, PO Box 1269, Santa Fe, New Mexico 87504 (telephone 1-888-427-5772) or at the Commission's website through the "Electric Coop Rate Increase Procedures" link on the far left). A form and instructions for protesting cooperative rates are available on the Commission's website through the "Forms" link also on the far left. Pursuant to the requirements of Rule 17.9.540.11, persons protesting the change in rate rider surcharges must, along with other required information, identify the proposed rate or rates being protested. Forms for protests are also available from KCEC at its main office.
- j) Prior to filing a protest with the Commission, a Cooperative member should attempt to resolve any grievance by presenting your objections to the new rates, in writing, and allowing KCEC seven (7) days in which to attempt a resolution of your objections or otherwise respond.
- k) Any interested person may examine the rate filing together with any exhibits and related papers that may be filed at any time at the main office of KCEC or on its website at www.kitcarson.com, or on or after the date of filing at the offices of the Commission, 1120 Paseo De Peralta, PO Box 1269, Santa Fe, New Mexico 87504 (telephone 1-888-427-5772) or at the Commission's website at <http://www.nmprc.state.nm.us> where such documents may be found through the "Case Lookup EdoCKET" link (using, for example, the "Company Search" function to find recent Advice Notices filed by the Cooperative or using date filed parameters to search the New Documents List on EdoCKET's main page).
- l) Further information concerning this filing or the protest procedure may be obtained by contacting Kit Carson Electric Cooperative, Inc. or the New Mexico Public Regulation Commission.