

GETTING CONNECTED

“Owned by Those We Serve”

December 2013

Volume IV Issue XII

Kit
Carson
Electric
Cooperative

CEO's Message

Happy Holidays from Your Electric Co-op



At this very special time of year our thoughts turn to our friends and family. At Kit Carson Electric Cooperative (KCEC) we employ over 120 of your friends, family members and neighbors. From all of us, including our elected

board of trustees, the management and our staff, we wish you a very Merry Christmas Season and a Happy and Healthy New Year.

Tri-State Rate Protest Update

As many of our members know we have been in a long battle with our wholesale power supplier, Tri-State Generation and Transmission Association in regard to proposed rate increases. This is certainly not a new story since we have protested all nine of the increases proposed by Tri-State since we contracted with them in 2000.

What is new and certainly newsworthy is the current protest, which began in October 2012, has so far saved our members \$1.313 million. That's how much extra would have been charged on our electric bills had the protest not been made. It is significant to every KCEC member, because 70% of our electric bill goes to Tri-State to pay for the electricity we purchase from them. It is interesting to note KCEC was the only electric co-op in the Tri-State network of 44 co-ops that protested the first eight rate increases. Since we were on our own, those rate increases went through.

In this latest protest we were initially joined by Continental Divide and Springer electric co-ops. In this very latest round Jemez co-op has joined us as well. In order to officially protest the proposed increase to the New Mexico Public Regulation Commission (PRC) we needed at least two other co-ops to join us. Tri-State dropped its increase request in July 2013, only to come back with the same proposal for 2014. Of course, they were met with our opposition again and this time with four co-ops standing up to them.

Also as part of this protest Tri-State has taken the case to the New Mexico Supreme Court arguing they should be allowed to increase their rates while the PRC is deciding if their increase

request if justified. The court will be hearing arguments in this regard on December 18, 2013 at the NM Supreme Court Building in Santa Fe. The schedule for that day will be released at 9am, so we won't know the exact time until then. Members of the KCEC Board of Trustees, legal team and management will be in attendance.

It is estimated Tri-State will post margins (profits) of \$76 million for 2013. Tri-State officials have been quoted as saying the proposed increase will actually be a decrease in rates, yet their own figures show the amount (\$1.313 million) our members would have had to pay had we not protested the increase.

The PRC will be hearing from both sides of the proposed rate increase on either December 4 or 11, 2013. We encourage members to attend the hearing to show support for our argument that with economic conditions being what they are, a rate increase is not justified and would cause severe harm to northern New Mexico residents and businesses.

KCEC Members Energy Efficient

The other part of Tri-State's proposal that has not received as much attention is a change in the rate design. This means they would like to change the amount they charge for electricity during different parts of the day. These are known as peak and off-peak rates. We contend the new proposed rate design penalizes those who practice energy efficiency and utilize renewable resources.

Nationally electric consumers use an average of over 1,200 kilowatt hours (kWh) per month. In New Mexico consumers use an average 864kWh. By contrast, members of Kit Carson Electric Co-op use an average of 431kWh per month. That should be reason for celebration. It means our members understand the need for saving electricity and using alternative sources of power and heat. Instead Tri-State's proposed new rate design would penalize those who are energy conscious and reward those who use more electricity. We are protesting this aspect of the Tri-State proposal also.

Sincerely,
Luis Reyes, CEO

KCEC Board of Trustees Meeting Summary

November 26, 2013

CEO Report October 2013

- Statement of Operations
 - ◇ Margins are near YTD projected budget level
 - ◇ Operating expense increase due to increase in Transportation Expense, which includes labor, insurance, property tax, as well as other expenses.
 - ◇ Contract services expenses increased overall due to aggressive tree trimming, which has paid dividends in increased electric reliability and decreased outages.
 - ◇ Utility and distribution expenses were up, but are very difficult to predict from a budgetary standpoint.
- Admin & General Expense
 - ◇ Up due to Tri-State proposed rate increase protest legal fees (**KCEC members have been saved \$1.313 million because of the suspension of the rate increase**).
 - ◇ Losses are expected with to less power use in October due to relatively warm weather, with same fixed costs.
 - ◇ New breakers are being installed near Sunshine Valley and Tres Piedras that will increase reliability. The breakers are over \$75,000 each.
 - ◇ Consumers in the KCEC service territory use an average of 431kW/month. The average New Mexico consumer uses 864kW/month and the national average is over 1,200kW/month. Our costs for distributing power are the same as statewide and nationally.
- Anticipate meeting TIER and margins for 2013.
- The New Mexico Supreme Court will hear Tri-State Transmission and Distribution case asserting they should be allowed to impose interim rate increases on December 18, 2013.
- The New Mexico Public Regulation Commission will hear the Tri-State's case to increase rates for 2014 on either December 4 or 11, 2013. KCEC, along with Springer and Continental Divide coops, are protesting the proposed increase.
- Safety
 - ◇ No lost time injuries
- **Tri-State**
 - ◇ Tri-State is expected to have a \$76 million margin (profit) for 2013. **By protesting their proposed rate increase KCEC members have been saved \$1.313 million since the beginning of the protest.**
 - ◇ Tri-State will be asked to propose an exit strategy for co-ops not wanting to continue under contract.
 - ◇ Tri-State will be asked to create a rate design with the assistance of independent rate consultants.



Holiday Hours

Christmas Eve: Open 8:30am to 4:30pm

Christmas Day: Closed

New Year's Eve: Open 8:30am to 4:30pm

New Year's Day: Closed

Choose Wisely this Holiday Season

When purchasing a live tree, check for freshness. A fresh tree will stay green longer, reducing the risk of fire. On artificial trees, look for a "fire resistant" label.

Board of Trustees

Bobby Ortega	President	Questa	District 2
Manuel Medina	Vice President	Taos	District 1
Chris Duran	Secretary	Penasco	District 4
Bruce Jassman	Treasurer	Angel Fire	District 5
David Torres	Trustee	Arroyo Seco	District 1
Peter Adang	Trustee	Ranchos de Taos	District 1
Luisa Mylet	Trustee	Pot Creek	District 1
Virgil Martinez	Trustee	Cerro	District 2
Arturo Rodarte	Trustee	Ojo Caliente	District 3
Ambrose Mascarenas	Trustee	Llano	District 4
Jerry Smith	Trustee	Ocate	District 5

Board Meeting

The board of trustees meet the last Tuesday of the month at 9:00am in the cooperative boardroom.

Contacts:

Main Office: (575) 758-2258/ 1-800-688-6780

Customer Service: (575) 751-9064/ 1-800-944-8159

Customer Service Fax: (575)758-4611

Administration Fax: (575) 758-4890

Automated System: (575) 751-8132

Power Outages/Service Interruptions: (575) 758-6100

Emergency Line-locates: NM One Call 1-800-321-2537

Questa Satellite Office: (575) 586-2113-Call for office hours

Peñasco Satellite Office: (575) 587-1900-Call for office hours

New Mexico Public Regulatory Commission (PERA Building):
1-800-947-4722

Learn more about Kit Carson Electric on the Internet at:

www.kitcarson.com