

GETTING CONNECTED

Tri-State Rate Update

“Owned by Those We Serve”

October 2013

Volume IV Issue X

Kit Carson Electric Cooperative

CEO's Message



Tri-State Rate Protest

On October 2nd the New Mexico Public Regulation Commission (PRC) tabled a decision to dismiss the proposed 2013 rate increase by Tri-State Generation and Transmission Association, Kit Carson Electric Cooperative's (KCEC) wholesale electric power provider.

The rate increase requested by Tri-State for 2014 is nearly identical to that proposed for 2013. We have estimated the 2013 increase would raise member's electric bills an average of about 9%. **As of the end of August 2013 the protest saved KCEC members \$1,285,674.** The 2014 increase will have an estimated 9 to 10% impact on consumer's bills.

The PRC will next be deciding either to consolidate the 2013 and 2014 proposals or start a new case for the 2014 proposal, which would be affected by whether the 2013 case is dismissed. Kit Carson Electric Co-op, along with Springer, Continental Divide and Jemez co-ops, has notified the PRC they will protest the proposed increase. Initially Tri-State officials indicated they would not propose an increase for 2014. KCEC and two other New Mexico electric cooperatives protested the proposed 2013 rate increase beginning that action in October 2012.

The lengthy battle with Tri-State by the KCEC Board of Trustees, KCEC management and many KCEC members over the proposed 2013 increase in rates to their member cooperatives paid off when Tri-State petitioned the PRC last July to drop their increase request. The terms of that dismissal are still in question and will be decided based on whether the cases are consolidated. The proposed increase would take effect in January 2014.

Originally Tri-State proposed increasing rates to its 44 member electric cooperatives in October 2012. This was the ninth proposed increase since 2000. Each time KCEC was alone it opposing the increase and, with no other resistance, the increases went into effect. In 2012 however, two other co-ops, Continental Divide and Springer, joined in KCEC in opposition. The latest protest added Jemez Electric Cooperative to those formally submitting notices of opposition. Since at least three cooperatives are in opposition, the increase was put before the

PRC for a decision. With the addition of Jemez nearly half of all New Mexico co-op members are represented in the protest.

In January 2013 Tri-State requested interim rate relief from the PRC, which would have meant the rate increase would have gone into effect until the PRC decided the case. Due to strong opposition by KCEC members, the PRC denied the interim rate and did so again when Tri-State resubmitted in May 2013. **The protests have saved KCEC members over \$1.2 million.** Tri-State has also filed suit in federal court claiming the PRC does not have jurisdiction over them due to their involvement in interstate commerce.

We are again asking our members to let their voices be heard. Tell the PRC you do not want a rate increase by Tri-State. Tri-State's charges to KCEC are 70% of the bill you receive from us. Let them know the more than \$1.2 million their decision saved us is appreciated. The PRC commissioner's contact information is below.

PRC members and contact information (contact in this order):

Valerie Espinoza-District 3
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(505) 827-8015

Sincerely,
Luis Reyes, CEO

KCEC Board of Trustees Meeting Summary

The information below is a brief summary of the Kit Carson Electric Cooperative, Inc. Board of Trustees meeting held Tuesday September 24, 2013. Note: The KCEC Board of Trustees regular meeting is scheduled for the last Tuesday of each month in the KCEC board room at 118 East Cruz Alta Road.

- CEO Report:
 - ◇ The Margin for August 2013 was \$1,177,155. In 2012 it was \$1,146,145.
 - ◇ Legal fees incurred for the Tri-State rate protest and extensive tree trimming caused expenses to be higher than anticipated in the budget. The legal fees of approximately \$100,000 saved members over \$1.2 million in higher rates as of the end of August. Aggressive tree trimming resulted in no forest fires or major outages during the summer months. Other co-ops had forest fires in their territories caused by trees coming in contact with power lines.
 - ◇ Interest expenses on loans with CoBank and RUS were \$1.6 million YTD vs. \$2.1 million in 2012. The difference was due to the work of the KCEC Board of Trustees refinancing to lower interest rates, which saved KCEC members over \$500,000 to date.
 - ◇ A brief demonstration of the two-way communication meter software was given showing how electric use will now be monitored remotely. This will be a savings to members as meter readers will not need to be deployed. Power can also be connected and disconnected remotely with the new two-way communication meters.
 - ◇ Recent outages were caused by Tri-State substation upgrades and maintenance, as well as fiber optic line installations, which were done improperly. The problems are being corrected.

- Safety report:
 - ◇ Target date for record of consecutive non-injury days is December 5, 2013.
 - ◇ More emphasis should be put on incentives for employee safety. Safety committee will submit a plan to the trustees for promoting a safe workplace and reward employees for consecutive non-injury days.

- Tri-State Advice Notice #19-Resolution #9-9-13:
 - ◇ Resolution to protest Tri-State proposed 2014 rate increase passed unanimously
 - ◇ KCEC member bills are 70% Tri-State charges
 - ◇ Rate increase would average 7.12% to KCEC members
 - ◇ Protests of rate increase must be submitted to the PRC by September 30, 2013
 - ◇ Protest of Tri-State 2013 proposed rate increase saved KCEC members over \$1.2 million
 - ◇ KCEC will be requesting Public Regulation Commission investigate merger between Plains and Tri-State

- Fiber optic project update:
 - ◇ 20.98 million of \$63.9 million has been expended
 - ◇ \$6.2 million of loan
 - ◇ \$14.7 million of grant
 - ◇ Current request \$3.7 million
 - ◇ Underground construction is 67% complete
 - ◇ Aerial construction is 25% complete
 - ◇ Focus now is on Town of Taos construction
 - ◇ RUS Audit produced no significant findings
 - ◇ 25 cell tower sites have been proposed in order to give residents of our communities better service.

**“October is National Domestic
Violence Awareness Month**

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www.taoscav.org”



Board of Trustees

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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