

GETTING CONNECTED

Tri-State Rate Update

“Owned by Those We Serve”

September 2013

Volume IV Issue IX

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CEO's Message



Tri-State Rate Protest

As many of our KCEC members know we purchase most of our electricity from Tri-State Generation and Transmission, Inc. In fact, about 70% of your electric bill is actually offsetting the charges we are billed from Tri-State. About this time last year Tri-State proposed increasing the rate for the electricity we buy. This would make the ninth increase since we began receiving our electricity from Tri-State in 2000.

Prior to 2000 KCEC purchased power from Plains Electric. In that year Tri-State merged with Plains. KCEC signed a 40 year agreement to purchase power from Tri-State with the promise from them of stabilized rates. They also signed on to legislation passed that year requiring them to seek approval from the New Mexico Public Regulation Commission (PRC) if three or more cooperatives in their New Mexico system protest an increase. In each of the previous eight increases KCEC was the only co-op protesting. Note: There are 12 New Mexico co-ops receiving their electricity from Tri-State. The September 2012 rate increase proposal convinced two other co-ops, Springer and Continental Divide, to stand up and join KCEC in saying “enough”.

Tri-State has filed suit in federal court contending, because they are involved in interstate commerce, the PRC, as a state agency, has no regulatory authority over them. That suit is yet to be heard.

Now for the really good news: Tri-State has decided not to further pursue a rate increase for 2013. As of July 2013 the protest from the three co-ops has saved our KCEC members nearly \$1,000,000 in rates that would have been charged under the new rate structure.

Next month Tri-State will have the opportunity to submit a new rate plan for 2014. We are closely watching for this. The contention in the past has been Tri-State has not submitted justification for their increases. We expect, at the very least, Tri-State should show why they will be harmed if rates are not increased. Of course, we will keep you informed on the progress of this situation, which financially affects all co-op members.

In Other News...

The **Enchanted Light Fiber Optic High Speed Communications project** has preceded at a steady pace through the spring and summer months. We began testing the system with a connection using existing fiber to the Old County Courthouse on the Historic Taos Plaza over Taos Fiestas weekend. We will continue testing in limited locations as we complete the network to every home and business with an electric meter in our service territory. We anticipate beginning the actual service in certain areas by spring of 2014, with system completion by February 2015.

KCEC is assisting with a new **Business Resource Center in the Old County Courthouse**. It is anticipated the center will have three computer terminals, a copy machine and fax machine that can be utilized by business owners, students and visitors for basic business needs. Tutorial classes and seminars are also planned for the space. The Taos Entrepreneurial Network (TEN) is coordinating the effort to revitalize the Old Courthouse, in conjunction with Taos County, the Town of Taos and KCEC.

October is National Co-op Month. As the oldest electric cooperative in New Mexico we will be celebrating the accomplishments of KCEC, as well as other co-ops in New Mexico and across the country.

Sincerely,
Luis Reyes, CEO

LOOKING FOR A JOB OR A CAREER CHANGE?

ATTEND CAREER CONNECTIONS 2013 JOB FAIR

AT THE SAGEBRUSH INN CONFERENCE CENTER ON MONDAY SEPTEMBER 30, 2013

FROM 10:00 A.M. TO 2:00 P.M.

NEW MEXICO WORKFORCE CONNECTION – TAOS

KCEC Board of Trustees Meeting Summary

The Kit Carson Electric Cooperative, Inc. Board of Trustees meets on the last Tuesday of each month at 9am; unless circumstances warrant a different meeting time or date. In August the trustees met for their regular meeting on Friday August 23 at 9am. Below is a brief summary of that meeting:

- ⇒ Larry McGraw from the Rural Utility Service (RUS) gave a presentation regarding the Work Plan Loan Application submitted by KCEC.
 - ⇒ Four year work plan approved
 - ⇒ Loan for \$33.99 million approved
 - ⇒ 2.0% increase over 10 years at present conditions to cover loan requirements
 - ⇒ The loan increases existing debt from \$130 million to about \$175 million.
 - ⇒ Unanimously approved by Board of Trustees
- ⇒ Lewis Baker read a letter thanks KCEC for support of the Taos Amateur Radio Club
- ⇒ CEO Report
 - ⇒ Margins were \$260,003 for July
 - ⇒ Year-to-date \$933,243
 - ⇒ Difference is due to reduced legal fees from rate cases
 - ⇒ The protest of the Tri-State rate increase has saved members \$948,005 as of the end of July
 - ⇒ Legal fees cost \$90,989
 - ⇒ New electric service:
 - ⇒ 2012-119
 - ⇒ 2013-108
 - ⇒ Currently \$7.6 million in construction work in progress
 - ⇒ Interest rate went from 1.8% to 1.5%=additional member savings
 - ⇒ RUS tier requirements have been met year-to-date
 - ⇒ Line loss 7.66%
 - ⇒ Audit produced only three minor areas in question. No significant findings.
- ⇒ Safety committee:
 - ⇒ 201 days without a lost time injuries
- ⇒ Statewide: Reception Wednesday 9/4/13
- ⇒ Tri-State:
 - ⇒ 2014 rate A37 passed 20 to 18
 - ⇒ CEO distributed Tri-State electric bill
 - ⇒ Protest saved members nearly \$300,000 in July

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