

# SEC trustees accumulating fines

Story by Cathy Cook, Editor, El Defensor Chieftain | Mar 24, 2022

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The Socorro Electric Coop has been accumulating a \$1,000 fine per day since April 2020 after refusing to restructure their rates as directed by the New Mexico Public Regulation Commission.

The saga began when the Coop attempted to raise their rates in 2018 by 5.06 percent. However, Coop members objected. That included objections from the city of Socorro itself and New Mexico Tech.

Because of the member objections, NMPRC reviewed the rate increase proposal and rejected it, recommending no revenue increase for the Coop. Along with rejecting the proposal the Commission also required the Coop to restructure their rates. The restructuring would not have increased the Coop's revenue.

It would have decreased the amount paid by large commercial services, like New Mexico Tech, increased residential services 2 percent and proposed a 3 percent increase in base revenue collected from irrigation service. The additional revenue from residential and irrigation service would have been used to reduce revenues collected from large commercial and load management service classes. The reasoning behind the changes was that residential rates are subsidized by commercial rates in the existing rate structure.

Among other changes, the redesign also rejected a proposed \$5 monthly minimum use charge.

The NMPRC also directed the Coop to investigate an economic development rate.

The Coop has not followed the order from NMPRC. Coop spokesperson Jimmy Capps said the reason they declined was that it is highly unusual for the NMPRC to restructure rates. Coop General Manager Joseph Herrera said that the Coop always tries to subsidize the rates of residential customers, who cannot easily increase their income, with rates from large commercial customers, who can potentially increase their income.

The NMPRC instituted a fine because the Coop did not follow the order—a fine of \$1,000 per day which the Coop has not paid and does not intend to pay. In an effort to prevent the fine from impacting Coop members, it was levied on the Coop Board of Trustees specifically. The Trustees are elected Coop members. Capps said it is unrealistic for them to pay such a significant fine.

In January, the New Mexico Supreme Court temporarily stayed SEC's appeal and remanded jurisdiction to NMPRC to consider modifying or withdrawing the compliance order—the fine.

SEC's Response to the Commission's Initial Order on Remand, states that SEC opposed the order because it exceeded the Commission's authority. According to the staff's reply, the NMPRC Utility Division staff believes that the Coop should be charging the restructured rates, since no stay in the order has been granted. The City of Socorro and New Mexico Tech both agree. The same staff reply says the fine should not be withdrawn unless the Coop follows the order.

Capps said the Coop will follow any Supreme Court decision on the rate restructure.

Herrera said part of the reason the Coop is having financial issues, including trouble replacing equipment like old trucks and leaving staff positions vacant, is because they were not allowed to increase rates in 2018. The last time they increased rates was 2011.

Socorro Mayor Ravi Bhasker sent a public letter to the Trustees offering to acquire the Coop, and points to the financial challenges as one reason the Coop should consider selling.

Coop Board President Paul Bustamante said he believes the board members are against the offer, but ultimately it would be up to the Coop members to decide on an offer. If the city gives a specific offer, it would be put to a vote and the Coop members would decide whether or not to accept it. Two thirds of the members would have to accept the offer for it to go through.

Herrera said he is concerned about whether the city would pay out the Coop members investment in the Coop. He does not believe the city's offer takes that into consideration.