

Letter: City's feud with electric cooperative is harmful

<https://dchieftain.com/letter-to-the-editor-citys-feud-with-electric-cooperative-is-harmful/> Story by Jim Nelson, SEC Board Member, Magdalena | Apr 21, 2022

Editor:

The obsession of the Mayor and council of the City of Socorro with destroying the Socorro Electric Cooperative (SEC) harms Socorro residents and SEC's membership.

In 2018 SEC proposed a rate adjustment, its first in seven years, in the face of constant inflation of the costs of goods and services. The City, in contrast, raises its utility rates annually, usually by double-figure percentages, and will charge an average resident \$375 more in 2024 than in 2017. Yet the Mayor determined that SEC's request was "arbitrary and capricious", and with a couple of allies, protested the request to the NM Public Regulation Commission (PRC). The PRC then ignored the findings of SEC's cost-of-service study and demanded that SEC give Socorro businesses a reduced "economic development rate", at the expense of residential members, because New Mexico Tech's president declared that such an award would be "terrific".

SEC's board found it not terrific, and even illegal, that the PRC should presume to overturn electric rates arrived at for well-documented reasons, let alone to dictate new rates that would degrade the utility's financial soundness. SEC appealed to the New Mexico Supreme Court for a stay of the PRC's order. Now the PRC has demanded that this order and additional impositions be obeyed at absurd expense, and insists that SEC owes some \$800,000 in fines for delaying compliance even though the appeal is still awaiting a hearing by the Court.

A cooperative is owned by its members. Money extorted from SEC can come only from members' pockets through their electricity rates. So much for the notion that either the City or PRC wishes to protect members.

Could trustees (who are also members and buy electricity from SEC) profit themselves by raising their own rates beyond a level sufficient to cover SEC's operating expenses? In a cooperative, all margin belongs to the member-owners and must be returned to them. SEC's books are open to public view. If there is excess money sloshing around in them, where is it? SEC's enemies show dismayingly little understanding of accounting, rural electric cooperatives, or the electric industry.

The citizens serving on SEC's board, of whom I am one, are sworn to serve its 12,000 members by upholding SEC's mission of providing reliable power at the lowest cost consistent with sound management. If the Mayor had taken the same oath, I suggest that he would, as a prudent businessman and public servant, have supported the rate recommendations that were forced on the Board by the same inflation that drives up Socorro's utility rates. If, on the contrary, the Mayor thinks that it would best serve his constituents to keep electricity rates at their 2011 levels, why does he not keep Socorro's water, sewer, sanitation, and gas rates at their 2011 levels?

Lately this mayor has proposed to have Socorro buy out SEC's property, claiming that a municipal utility would charge lower electricity rates. This proposal is not credible, for at least two reasons: this politician's hatred for this cooperative is based on no facts, and this city's government shows no interest in sparing its own captive utility consumers from rate escalation. Neither SEC members nor Socorro residents (who are also members) should support it.

James Nelson
SEC Board Member
Magdalena