

Proposed rate structure is inequitable, regressive

http://www.dchieftain.com/opinion/letters_to_editor/proposed-rate-structure-is-inequitable-regressive/article_b9447322-b89b-11e9-9b57-c3957237cbc1.html

Editor:

As SEC co-op members we oppose the proposed rate structure change, particularly the increased monthly flat fee. We understand paying the ‘fixed’ costs of service (the poles, distribution system, overhead etc.) and do not object to sharing this cost as is currently done.

However, the proposed rate structure will increase the costs to the smallest users by the largest magnitude and percentage. It will greatly raise the effective cost per kWh for the smallest consumers, while the most consumptive residential users will see a small decline in their total bills and effective per kWh costs.

This is a huge disincentive to two overlapping groups that should be encouraged: (1) conservation-oriented customers, who for economic or environmental reasons minimize their electric usage, and (2) those who have attempted to offset their usage by going with rooftop solar. The former group includes many fixed income seniors, apartment residents including students, and others with limited means. As for residential solar, this new rate structure will strongly disincentivize new installations (in one of the best states for solar). A hypothetical net zero solar user will stay be paying approximately \$390 annually for zero net usage (vs. \$180 currently).

There are more equitable and accurate apportionments of fixed costs including peak kW demand charges, as used by other co-ops in New Mexico, and that scale better to true costs than a flat fee. Moreover, a tiered rate structure is more equitable and incentivizes conservation.

The proposed policy will affect our SEC revenues negatively in the future as options for ‘cutting the cord,’ become cheaper, and going off-grid becomes more viable.

We understand that the SEC mission is to make electric energy available “at the lowest cost consistent with sound economy and good management”. The proposed rate structure is inequitable, regressive and is not consistent with that mission.

Sincerely, the undersigned members,
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