

Socorro to study electric feasibility

by [Jonathan Miller](#) | June 18, 2015 | Filed under: [News](#)

At its bi-monthly meeting Monday, the Socorro City Council voted to approve a resolution to commission a feasibility study exploring the possibility of establishing its own electric utility separate from the Socorro Electric Co-op.

The council passed resolution No. 15-06-15B that will according to the document “assist in the development of a community and industrial park that is economically competitive with areas throughout New Mexico and which will be able to offer a price structure and stability found in other communities in regard to electric services...”

The price to conduct the study will cost the city an estimated \$30,000 according to Socorro Mayor Ravi Bhasker.

The decision to author the resolution comes on the coattails of a Bureau of Business and Economic Research study the council commissioned the University of New Mexico to conduct in Socorro in October 2014. That study found that “a switch of electric providers from Socorro Electric Cooperative to PNM would result in savings of \$2,118,037 annually to 2,802 households in the City of Socorro.”

The study claims that the average Socorro household could save \$755.90 per year, including \$182.16 in direct savings from lower residential electricity bills and an additional \$476.90 in indirect savings passed on by commercial and industrial users who would pay lower electricity costs.

Finding a way to lower commercial and industrial electricity costs to aid in the city’s economic development is a large part of the council’s plan to help cut consumer electricity costs and help Socorro attract more business.

The city does own and operate an industrial park which according to the resolution is designed to encourage and attract business and industry, thus increasing and improving the number of economic opportunities to the area’s workforce.

The council feels the Co-op has become a hindrance to that plan.

The resolution states, “After having been in lengthy deliberations with the (SEC) regarding the role of the SEC in community-related affairs and various SEC policies, it has become evident that SEC operations, and the subsequent results of those operations, have had a negative impact on the ability of this community to fully realize the economic potential of the area...”

At least as far as the numbers are concerned, the council may have a valid point.

In addition to the recent findings of the BBER report, www.electricitylocal.com, which receives its information from the National Renewable Energy Laboratory, the U.S. Department of Energy and the U.S. Energy Information Administration, published several statistics in 2014 that support the city council’s outlook.

According to the website Socorro residents pay on average just more than \$.15 per kilowatt-hour, or 36.5 percent more than the New Mexico average. The commercial rate is \$.12/kWh or 34.98 percent higher than the state average, and the industrial rate is \$.10/kWh, or more than 83 percent higher than the average New Mexico rate.

The average residential cost of electricity is 29.91 percent below the national average, but the median household income in Socorro is 32 percent lower than the national average and approximately 27 percent of Socorro households have income below the poverty level, also according to the website.

“We’re in a position where we need to start exploring as many options as we can,” Councilman Michael Olguin Jr. told the council. “Hopefully we can be in a position sooner rather than later to begin attracting new businesses with our industrial park.”

Bhasker laid out three points of emphasis he wants the feasibility study to include. One, the council will request the contracted service to provide an inventory of who’s at the industrial park and who could possibly come to the industrial park. Two, the study will survey the people who are already out there and what their annual electric bill is. Three, the council wants a list of potential energy suppliers to see what type of electric rate the city could plausibly get.

Bhasker said those criteria as well as the foundations of the resolution are based on the findings of the BBER report, and he wanted an unbiased, third-party contractor to conduct the upcoming feasibility study.

“This is not the city of Socorro doing the study,” he said “We will contract with a vendor to do the study.”

Another aspect to the exploratory stage Bhasker emphasized was complete transparency.

“Our whole presentation has always been above reproach,” he told the audience. “We’re telling people what we’re doing and how we’re going to do it. Then we’ll bring it to the council.”

While Bhasker reiterated to the council and the audience that the city has no plans at this time to establish its own electric utility, the overall opinion of the council leaned toward the idea that it would continue down whatever road represents the best option for Socorro residents based on the future findings of the study.

“What the feasibility study will say is that you’re expecting to sell this many kilowatt-hours, and it’s going to cost you this much,” City Manager Pat Salome said to the council. “If you amortize it over 25 years you will at least have to charge this amount per kWh in order for it to be self sufficient. That number will tell us whether we continue, or if we look for another avenue.”

Salome and Bhasker pointed out that if the study did favor the creation of a city utility, alternative energy sources like solar, turbine, hydroelectric and natural gas could be used in addition to the current traditional energy source to drive monthly costs down.

In addition to the plan to conduct the study, Bhasker said the council will still go ahead with the original plan discussed at a May 21 meeting to draw up three ordinances regarding the Co-op.

Those included a franchise agreement and the formation of an independent citizen oversight commission. The council will now submit a Request for Proposal (RFP) in hopes of attracting bidders for the study, or it will choose between a number of trusted vendors and submit a Request for Quote (RFQ). Together the advertisement and evaluation period should take anywhere from six to eight weeks before the study is conducted.