

Attorney: Socorro effort feasible in small steps

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A piecemeal plan for the City of Socorro to offer electric utility service is feasible, the attorney helping the city explore the option said last week.

“It’s feasible if the city starts small and builds up equity over time,” attorney Nann Winter said.

Winter said there have been two engineering studies on the feasibility of the city offering electric utility service.

Socorro Mayor Ravi Bhasker said the city is looking at offering limited service at first to New Mexico Tech, the industrial park and businesses and other facilities along the U.S. Highway 60 corridor such as Solaro Energy, Socorro General Hospital, Socorro High School and the Socorro County Detention Center.

Although she is concerned about how a pullout would affect county residents' rates, Socorro County Manager Delilah Walsh said at the community input meeting last week that the county would be open to buying electricity from the city for the detention center. New Mexico Tech President Stephen Wells may also be open to the possibility. Like Walsh, he expressed concerns at the meeting about the cost of utilities at a time when the university is operating under a tight budget.

“We’re not going to force anyone to buy electricity from us,” Bhasker said. He said prospective customers would be offered a price for electric service for five years. “If they want it, great. If they feel like they can get a better rate from the co-op, it’s entirely up to them. That’s business.”

Winter said the city is seeking community input before deciding which way to proceed. Among the purposes of the meeting was to inform the community of other options beyond the city going out on its own.

Bhasker and Winter voiced concern about the lack of a presence by Socorro Electric Cooperative at the meeting. Bhasker invited Socorro Electric Cooperative General Manager Joseph Herrera to the meeting. Herrera sent a letter saying he and members of the co-op board of trustees had other obligations and could not attend the meeting. He also requested the opportunity to work with the city on the agenda.

“We would like to include the co-op in the discussions,” Winter said.

She also said there would be other public meetings on the subject

Bhasker said he would like the SEC to be in on the discussions because going it alone would be difficult for the city.

“It would have been nice if they (the co-op) would have sent someone at least as an observer,” Bhasker said.

Kit Carson Electric Cooperative CEO Luis Reyes shared about the services his co-operative is offering in an area of the state that includes Taos. Kit Carson has bought out its contract with Tri State Generation and Transmission Association – the supplier for Socorro Electric Cooperative – to go with Guzman Energy because it felt Tri-State could no longer meet the needs of the communities it serves.

The move has not had an impact on Kit Carson’s rates – which are similar to those charged by the SEC – because of \$37 million break-up fee, Reyes said. But the co-op expects cheaper rates within the next few years. He expects the co-op’s 30,000 members to save between \$50 million to \$70 million over the next 10 years.

One reason Kit Carson felt the need for a change in suppliers is because of the diversification of services it offers its membership, which include both renewable energy and broadband internet.

Bhasker said he was concerned the SEC wasn't keeping up with trends that see utility suppliers moving away from coal to other energy sources "including natural gas, wind power and solar."

Winter also mentioned the cost of natural gas as a reason the piecemeal approach was feasible for Socorro.

Bhasker said he was open to a relationship such as the one Truth-or-Consequences has with the Sierra Electric Cooperative.

T-or-C operates its own electric utility but purchases the electricity from the co-op. It's commercial and residential rates are higher than Socorro's, but its industrial rate of 5.3 cents per kilowatt hour is half of Socorro's rate of 10.67, which is 83.02 percent higher than the state average and 59.9 percent higher than the national average.

"If they want a hybrid system, we're open to that," Bhasker said. "We want them to work with us to keep industrial rates low. We want them to work with us on economic development."

He said – however – the city was prepared to go it alone.

"I know it's a bold move," Bhasker said.

Bhasker said he is sensitive to concerns of county residents who are afraid their rates would go up if the city pulled out of the co-op. He said he also understands concerns city residents may have that their rates may go up if the city only offers limited services to New Mexico Tech and businesses and industries along the U.S. 60 corridor because of a lower electricity buy.

But he said a lower electricity buy in T-or-C because of the use of solar energy by Walmart did not result in an increase in residential rates.

Bhasker said the city is in the process of getting the paperwork and legal work done to procure engineering services. He expressed hope that contractors seeking to work on the project would find the funding for the work.

The city put out an RFP for the construction of an electric facility and an RFI for rates.

Winter said Guzman Energy offered the city the lowest rates. She also said the company offered favorable financial options.

Bhasker said the city expects a legal battle if it decides to go it alone. He said the co-op has received funding from the national cooperative organization of at least \$250,000.

Bhasker said he also understands why the SEC would not want to talk to the city about the options.

"They think they hold all of the cards," Bhasker said. "Maybe this (the city exploring the option of offering electric service) will push them to the table ... even if it's so we can yell at one another."

District 49 State Rep. Gail Armstrong — who was present at both the Socorro Electric Cooperative's annual meeting and the community input meeting — agrees that city officials and the co-op officials should be having discussions on the options.

"I appreciate the mayor's forward thinking and thinking outside the box, but I'm also concerned about what this will do with my constituents in the county and especially in Catron County," Armstrong said. "I believe when it

comes to the city and the co-op, it's a 'he said-she said' situation.' They need to come together and talk about this."

Bhasker acknowledges the city going it alone could also create a hardship for county residents and other non-city residents who are members of the SEC in the short term.

But he believes the city offering electric utility service may be essential for the long-term survival of the community.

"We need to be thinking about 25 years in the future," Bhasker said. "If we don't do anything, the city will only get smaller."