



To Our Members:

On Friday, April 17, 2020, City of Socorro Mayor, Ravi Bhasker, distributed a letter in response to the Wednesday, April 15, 2020, ruling by the NMPRC (PRC). The PRC did in fact rule to compel SEC to abide by the Final Order in our rate case #18-00383 without allowing the NM Supreme Court to rule on our appeal. As there is much more to the facts surrounding the case and this ruling than is found in Mayor Bhasker's letter, we offer the following responses:

Response to Paragraph #1 –

Mayor Bhasker - "On Wednesday, April 15, 2020, the PRC assessed a monetary fine of \$185,000.00 to the SEC Board of Trustees...."

- Yes, the fee has been assessed but the order also states "...said fines shall not become due and payable if SEC complies prior to 60 days from the date of this Order as certified by Staff after SEC files a pleading proving its compliance with the Final Order."
- **SEC intends to comply with this final order while its appeal is pending before the New Mexico Supreme Court.**

Response to Paragraph #2 –

Mayor Bhasker - "...the PRC granted SEC a ZERO percent rate increase."

- The PRC approved a revenue neutral change for SEC because they approved the rates as recommended by the Hearing Examiner's (H.E.) Recommended Decision.
- *[Recommended Decision, Section II,E,2] "While the Hearing Examiner is recommending no revenue increase, it is appropriate to take this opportunity to reallocate revenues collected among the Classes modestly to gradually move toward each Class paying its cost of service. Increased revenues should be collected from the Residential, ETS and Irrigation Service Classes, which the COSS shows are being significantly subsidized by the Large Commercial and Load Management Service Classes."*
- The Mayor fails to mention that while this may be a ZERO percent increase as far as any change to the "Total Annual Revenue" to SEC, this is not a ZERO percent change for the Members of SEC. This decision will shift costs to our Residential, ETS and Irrigation Members as they will see an increase in their rates as dictated by the H.E.

Response to Paragraph #3 –

Mayor Bhasker - "...the PRC made both of these determinations based on collective efforts of the City, New Mexico Tech, and PRC Staff."

- What the Mayor fails to tell his friends and constituents is that NM Tech and the City specifically asked the PRC to reallocate revenues to other classes.

[Recommended Decision, Section II,D,1b] "Even if the Commission denies SEC any revenue increase, NM Tech asks the Commission to reallocate the revenues collected among SEC's customer classes to increase the revenues collected from the Residential and Irrigation Service Classes and decrease the revenues collected from the Large Commercial, Load Management and Lighting Service Classes. NM Tech recommends that, assuming no rate increase, the Residential and Irrigation Service Classes each receive at least a 10% revenue increase, which would generate about \$1 million in additional revenue from the Residential Service Class and \$6,300 in additional revenue from the Irrigation Service Class. NM Tech recommends that the Large Commercial, Load Management and Lighting Service Classes receive revenue decreases of about \$818,000 (8.5%), \$110,000 (9.5%) and \$95,000 (26%), respectively."

Continued

[Recommended Decision Section II,D,2.b] “The City makes the same proposal as NM Tech to reallocate the revenues collected among SEC’s customer classes to increase the revenues collected from the Residential and Irrigation Service Classes and decrease the revenues collected from the Large Commercial, Load Management and Lighting Service Classes.”

- While the PRC Staff did join NM Tech and the City’s Verified Motion to Compel on April 3, 2020 , [Item 14] “Staff has an interest in ensuring that orders of the Commission are complied with and adhered to.”, the PRC Staff also supported the original revenue increase that was requested by SEC. *[Recommended Decision, Section VII,B,4]* “Staff recommends that the Commission allow SEC to increase its operating margin by \$1,249,993.”

Response to Paragraph #4 –

Mayor Bhasker - “SEC has now chosen to spend even more of your money on attorneys appealing the PRC’s ZERO increase to the New Mexico Supreme Court.”

- SEC has filed a request with the Supreme Court that the rates the H.E. recommended, which were approved by the PRC, be stayed during its appeal. SEC believes the H.E. recommended rates are no more fair, just, or reasonable than the proposed rates by SEC. This means, **if the Supreme court rules in favor for SEC, there will be no change in rates, and Residential members would not see an increase in rates.**

Mayor Bhasker - “Worse, SEC continues to spend your money defending its very poor decision to not comply the PRC’s Rate Order denying them the million dollar rate increase they requested.”

- The truth is the City and NM Tech initiated this legal process. SEC is in fact spending money, but only because we had a legal obligation to respond. In our response, SEC quantified our decision to appeal to the New Mexico Supreme Court which was not in a frivolous manner nor was it unprovoked.
- In fact, by filing the Verified Motion to Compel, the City and NM Tech have only displayed concern for their own wellbeing and have not considered the impact to the residents of the City of Socorro or the entire SEC Membership and how they may be affected by forcing these rates.

NM Tech stated: [Verified Motion to Compel, No. 12] “Tech expected to benefit from the decrease in its electric bills as a result of the 1.9% decrease in the Large Commercial Rate and the economic development rate provided for in the RD and the Final Order. The longer this case is stayed, the more Tech would be denied the significant relief provided for in the Final Order.”

The City stated: [Verified Motion to Compel, No. 13] “The City has been harmed by SEC’s failure to comply with the Commission Order. The City expected to see benefits from the Final Order in the form of new, cost-based LED rates and the implementation of an economic development rate provided for in the Final Order.”

Response to Paragraph #5 –

Mayor Bhasker – “.... they will also be free to increase electric rates whenever they please, with no oversight or consumer protections.”

- ***This statement is false.*** SEC did not appeal to the Supreme Court to avoid all future rate oversight by the PRC, SEC requested to stay the Final Order adopting the H.E. recommended rates. SEC believes the H.E. rates are no more fair, just, or reasonable than the rates originally proposed by SEC.
- SEC understands that, by law, the PRC will continue to have oversight of SEC, however, the same cannot be said for a municipal electric utility like the one the Mayor wants to start in Socorro. This municipal utility WOULD NOT be regulated by the PRC, only by the Mayor and the City Council members.

Mayor Bhasker – “...the City has already kept over \$2 million of your money out of the hands of a Board of Trustees that is not looking out for your interests.”

- How? Where does the \$2 million dollar figure come from? No explanation at all is provided or justified for this statement. This is nothing more than Mayor Bhasker’s unfounded speculation.