

Good afternoon Madam Chairwoman, Board Members, and Mr. Herrera:

I want to thank the chair for placing the City of Socorro on the agenda of this board meeting as the grantor of a franchise to provide electricity to the City of Socorro. You should all also be aware the franchise is currently operating on a month-to-month basis. The City and the City Council have some concerns about the franchisee: namely the Socorro Electric Co-op. There are 4 concerns the governing body has:

1. Consumer complaints about customer relations and the quality of electrical service.
2. The lack of participation of the Socorro electric co-op in alternative energies that all other electrical suppliers are participating in.
3. The lack of initiative in economic development with resistance to proposals by outside companies to improve and benefit the well-being of our community.
4. Non-competitive rates for residential, commercial and industrial users.

The city requires the owners of the SEC, in order to continue the franchise, we propose three solutions to these concerns:

1. Cooperation with the City of Socorro and the SEC to sell all their assets to the City of Socorro for the grid within the City limits of Socorro. The City will assume all debts for these assets. Together we then proceed to develop a mutual agreement with a company to perform O & M tasks.
2. Same as above, however the SEC would sell all SEC assets to the City of Socorro.
3. The City proposes to continue developing an electricity delivery system for a small industrial section of the community and provide them with electricity at a lower rate than currently provided by SEC.

I understand the cooperative has a general agreement with Tri-State to buy energy over a number of years (although as of 7/18/2017 the City has not seen this contract). It is also my understanding the long-term contract with Tri-State is what is causing the SEC rates to be excessively uncompetitive. We believe we can help remedy this situation. The City is looking into any dissolution expenses that may be incurred that would affect our final determination.

I encourage the board to consider our proposals. The feasibility study speaks to electric costs currently available to the City. As for administrative costs, the City will be able to lower these costs by combining the electric utility with the City natural gas department.

As the franchisor we ask for a meeting of the owners/members to present the options up to and including the dissolution of the SEC. We respectfully request that meetings intended to make this happen within 6 months begin immediately or the franchise agreement will be terminated!

Thank you,

Ravi Bhasker
Mayor
City of Socorro