

FEC POWER

Source

Vol. 19 No. 05

A Touchstone Energy® Cooperative



77th Annual Meeting of Members!

Farmers’ Electric Cooperative (FEC) held its 77th annual meeting of members Saturday, April 25, 2015 at the San Jon High School Gym, San Jon, New Mexico with 192 members and their guests present. Board President, Michael West, called the business meeting to order at 10:30 a.m. William “Billy” Tate, (District 1 - Clovis), George Dodge, Jr, (District 4 - Santa Rosa), and John Pat Woods, (District 6 - Broadview/Grady), were all re-elected by acclamation as they ran unopposed. Terms for FEC Trustee positions are three years.



Thanks go out to all those in attendance and all the employees who worked

to help make the annual meeting a huge success. Employees who worked, (not eligible for annual meeting door prizes), did participate in a separate drawing. The winner, Stephan Teconchuk, Engineering Aid, from Clovis, will receive a \$30 gift certificate to the Don Maria’s Cafe in Clovis, courtesy of Farmers’ Electric. Congratulations Stephan!

Congratulations also go out to Lucy Anaya of Fort Sumner for winning this year’s grand prize of \$1,000 in free electricity! Two “first-time” attendee prizes, (\$50 energy certificates), were also awarded. Also, a child’s grand prize of a 7” Android 16 GB tablet was awarded to a lucky young lady. There were a total of 89 prizes awarded to adults and children.



Special “thanks” go out to the staff at San Jon High School and to Jatonne Wright and Felicia Flint, Student Council Sponsors, Suzy Taylor, FFA



Sponsor, and the San Jon High School Student Council, FFA, and parents, for all their help setting up and particularly for helping smoothly serve the meal to over 390 attendees! Also, thanks to Bigham’s BBQ for an outstanding plate of southwestern barbeque with all the fixins.

See MORE PICS on PAGE 3

Quilt Amongst Door Prizes

For those of you who missed attending this year’s Farmers’ Electric (FEC) Annual Meeting on Saturday, April 25 in San Jon, this beautiful, hand-stitched quilt was one of the nicer door prizes of the day.



The one-of-a-kind, “Trip Around the World” quilt was painstakingly completed by members of the Melrose Senior Center Quilting Club over approximately 120 hours. The quilters (all FEC members) included: Sherolyn Bostwick, Linda Martin, Glenda Jones, Linda Riley, Dixie Jacobs, Donna Lay, Charlotte Montgomery, Carol Moore, Deloris Blackburn, Opal Christesson, Mary Lois Bright, Eillen Massey, Mildred Sain, Judy Cassidy, and Patsy Bruce.

The quilt was donated by these fine ladies to the Melrose Senior Center who, in turn, sold it to FEC to be used as an Annual Meeting door prize. The proceeds of the sale will be used for operating expenses at the center.

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Manager's Message...



Lance Adkins, GM

Cooperative Files for Rate Increase with New Mexico Public Regulation Commission

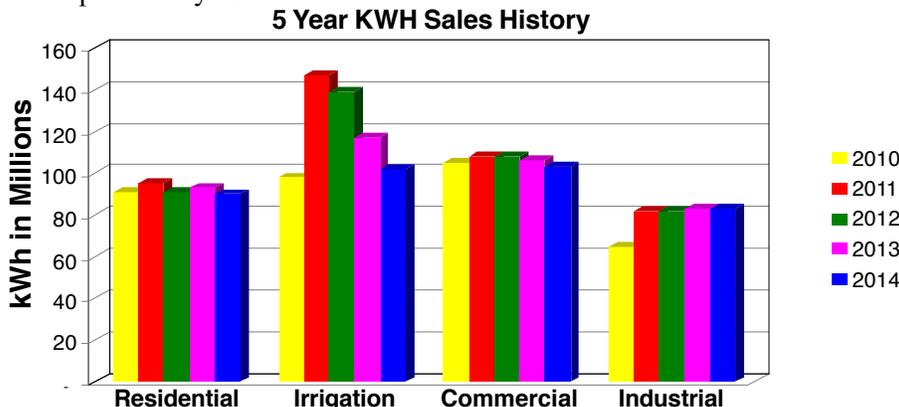
Managers and owners of any business face tough decisions on a regular basis. One of the most difficult decisions is determining the need for and proper distribution of an increase in the cost to provide goods and services. Farmers' Electric (FEC) has reached that point and will mail to the membership the "Official Notice" of a change in rates around the middle of this month. Once approved, the proposed rate increase will affect all rate classes and represents an "average" increase of 6.99 percent, or \$2.7 million additional revenue when compared with actual revenue in 2014. While the official notice provides the nuts & bolts of the increase, the notice primarily contains information and language required by New Mexico Public Regulation Commission (NMPRC). Unfortunately, the official notice doesn't leave much room for additional information.

While members of FEC have experienced significant fluctuations in the cost of electricity in recent years, those fluctuations are specifically related to cost of wholesale power, including the cost of fuel burned to generate electricity. This proposed increase is not related to wholesale power, but to the cost of building, operating and maintaining the electric transmission and distribution systems owned by FEC.

Historically, growth in both the number of members of FEC and in kilowatt-hour (kWh) consumption has allowed FEC to maintain, rebuild, and expand the electric infrastructure without increasing rates. In addition, management and employees, under the direction of the Board of Trustees, are conservative in the manner in which monies are spent. However, just as each member of FEC has experienced increases in most expense areas of home and business, FEC has as well. Below are a few facts that demonstrate the growth FEC has experienced over the past 15 years.

	<u>2000</u>	<u>2005</u>	<u>2010</u>	<u>2015</u>
Employees:	44	45	46	51
Utility Plant:	\$55 M	\$74.3 M	\$95 M	\$112.6 M
Miles/Line:	3,938	4,134	4,224	4,293
Meters:	10,938	12,100	12,814	13,100
kWh Sold:	216.5 M	256.8 M	376.9 M	379.4 M

Growth in new members and in electricity sales has slowed over the past three years, with sales to the irrigation rate class down 31 percent. Sales to all other classes are down slightly or flat over the last three years as well. Unfortunately, the cost of operating and maintaining the electric system has not gone down. Below is a graph of electricity sales by rate class over the past five years.



See **RATES** on **PAGE 3**

Board of Trustees:

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Trustee

Pat Woods

Trustee

Billy Tate

Trustee

Donnie Bidegain

Trustee

General Manager:

Lance R. Adkins

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RATES *from* **PAGE 2**

I specifically want to mention the increase in the service availability charge or customer charge. The monthly customer charge covers a portion of the costs FEC incurs to construct, operate and maintain the system that carries the electricity to your home, farm, or place of business regardless of the amount of electricity used. FEC's customer charge ensures all members pay a fair share of infrastructure costs. Even when a member does not use electricity for a period of time, FEC must still keep the facilities in place to deliver power when it is needed. Those costs include employee related costs, transmission lines, substations, distribution lines, system improvements, maintenance and repair, billing, accounting, repayment of loan funds that finance construction activities and services to members. Without a customer charge, those members utilizing year round power and power to their primary residence would subsidize other less frequently used accounts. The customer charge will increase to \$17.50 for general service and residential accounts. Based on cost analysis, the customer charge should be higher. However, instead of charging the full cost of service, FEC has elected to limit this charge and collect the remaining costs through the kilowatt-hour (kWh) charge.

Another change worth mentioning here is a revision in the base cost of wholesale power contained in the kWh charge. Currently, the monthly electric bill reflects a base cost of wholesale power of \$0.043875 per kWh, plus the Fuel and Purchased Power Cost Adjustment Charge (FPPCAC), averaging \$0.023435 per kWh each month, for a total wholesale power cost of \$0.067310 per kWh. The FPPCAC reflects the change in wholesale power costs from month to month. With this rate change, the base

cost of wholesale power will be set at \$0.067310 per kWh and the FPPCAC will return to zero. Future changes in the cost of wholesale power, both increases and decreases, will continue to be reflected in the FPPCAC Charge going forward.

One question often asked by members, "how is the amount of increase determined and allocated to each rate class?" FEC goes through an extensive process to determine the monetary value and design of rates. FEC staff and Board of Trustees prepare and review formal short term and long term construction work-plans, financial forecasts and future wholesale power costs. Using this information FEC prepares a formal cost of service study to determine a fair and balanced way of distributing costs across each rate class. In addition, considerable time is spent discussing the impact of rates and rate design on individual member rate classes, taking into consideration the members' perspective.

While the overall increase in rates is 6.99 percent, the increase for individual members is directly related to the type of service received (residential, commercial, irrigation) and electric consumption. Members with questions about how the rate increase will affect them are encouraged to contact the Clovis office; our customer service folks can apply the new rates to historical consumption for comparison. If approved, the new rates will be used in the August billing cycle mailed to members around the first of September.

Farmers' Electric will host a member meeting at the Clovis Office, 3701 N. Thornton Street, to answer questions about the rate increase. The Q & A meeting is scheduled for Tuesday, May 26, beginning at 6:30 pm.

MORE PICS *from* **PAGE 1**

Thunderstorm Safety

All thunderstorms produce lightning and are dangerous. If you hear the sound of thunder, then you are in danger from lightning. Lightning kills between 75 to 100 people each year and being outdoors in the most dangerous place to be. Always listen to the radio and television for the latest information and instructions for your area.

A THUNDERSTORM WATCH means a thunderstorm is possible for your area.

A THUNDERSTORM WARNING means a thunderstorm is taking place in your area.



IF YOU'RE OUTDOORS:

- Keep an eye at the sky. Look for darkening skies, flashes of lightning, or increasing winds. Lightning often precedes rain, so don't wait for the rain to begin. If you hear the sound of thunder, go to a safe place immediately.

- The best place to go is a sturdy building or a car, but make sure the windows in the car are shut. Avoid sheds, picnic areas, baseball dugouts and bleachers.

- If there is no shelter around you, stay away from trees. Crouch down in the open area, keeping twice as far away from a tree as far as it is tall. Put your feet together and place your hands over your ears to minimize hearing damage from thunder.

- If you're with a group of people stay about 15 feet from

each other.

- Stay out of water. It's a great conductor of electricity. Swimming, wading, snorkeling and scuba diving are not safe. Also, don't stand in puddles.

- Avoid metal. Stay away from clotheslines, fences, and drop your backpacks because they often have metal on them.

- If you're playing an outdoor activity, wait at least 30 minutes after the last observed lightning strike or thunder.

IF YOU'RE INDOORS:

- Avoid water. It's a great conductor of electricity, so do not take a shower, wash your hands, wash dishes or do laundry.

- Do not use a corded telephone. Lightning may strike exterior phone lines.

- Do not use electric equipment like computers and appliances during a storm.

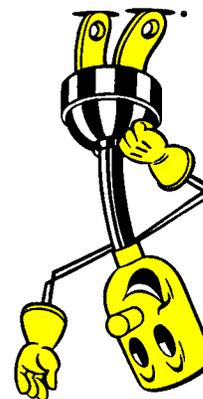
- Stay away from windows and doors, and stay off porches.

IF SOMEONE IS STRUCK BY LIGHTNING:

- Call for help. Call 9-1-1 or send for help immediately.

- The injured person does not carry an electrical charge, so it is okay to touch them.

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