

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

**IN THE MATTER OF AN INQUIRY )  
INTO THE PROVISION OF )  
NET METERING SERVICES )  
BY ELECTRIC UTILITIES )  
\_\_\_\_\_ )**

**Case No. 06-00241-UT**

**NEW MEXICO RURAL ELECTRIC COOPERATIVE ASSOCIATION COMMENTS ON  
COMMISSION’S PROPOSED RULE**

The New Mexico Rural Electric Cooperative Association (“NMRECA”) respectfully submits the following comments on the Commission’s proposed rule amending 17.9.570 NMAC, issued pursuant to the Commission’s Notice of Proposed Rulemaking in the above-captioned proceeding dated, September 7, 2006. In providing these comments, the NMRECA is representing the views of its member cooperatives. However, individual member cooperatives have reserved the right to submit separate comments at this or later stages of these proceedings.

**GENERAL COMMENTS**

The New Mexico Rural Electric Cooperative Association (NMRECA) is made up of 19 rural electric cooperatives with operations in New Mexico. The members include: Central New Mexico Electric Cooperative, Inc., headquartered in Moriarty; Central Valley Electric Cooperative, Inc., headquartered in Artesia; Columbus Electric Cooperative, Inc., headquartered in Deming; Continental Divide Electric Cooperative, Inc., headquartered in Grants; Farmers Electric Cooperative, Inc., headquartered in Clovis; Jemez Mountains Electric Cooperative, Inc., headquartered in Hernandez; Kit Carson Electric Cooperative, Inc., headquartered in Taos; Lea County Electric Cooperative, Inc., headquartered in Lovington; Mora-San Miguel Electric Cooperative, Inc., headquartered in Mora; Northern Rio Arriba Electric Cooperative, Inc.,

headquartered in Chama; Otero County Electric Cooperative, Inc., headquartered in Cloudcroft; Roosevelt County Electric Cooperative, Inc., headquartered in Portales; Sierra Electric Cooperative, Inc., headquartered in Elephant Butte; Socorro Electric Cooperative, Inc., headquartered in Socorro; Southwestern Electric Cooperative, Inc., headquartered in Clayton; Springer Electric Cooperative, Inc., headquartered in Springer; and Tri-State Generation and Transmission Association, Inc., headquartered in Westminster, CO. NMRECA also has two associate members with partial operations in New Mexico. These are Navopache Electric Cooperative, Inc., headquartered in Lakeside, AZ, and Rio Grande Electric Cooperative, Inc., headquartered in Brackettville, TX.

Cooperatives are not-for-profit cooperatives governed by a board of directors elected by the membership. The members are the owners and customers of the cooperative. The board is accountable to the member-owners. In New Mexico there are 19 electric distribution cooperatives serving approximately 80 percent of the land area and 22 percent of the population. This equates to approximately 450,000 New Mexicans spread out over 100,000 square miles. Tri-State Generation and Transmission Cooperative provides wholesale power to 12 of the New Mexico distribution cooperatives.

Traditionally, electric cooperatives serve sparsely populated areas. Nationally, cooperatives serve an average of six customers per mile of line. In New Mexico, cooperatives serve only four and one half. Nationally, rural residential consumers use approximately 1,300 kWhs per month. In New Mexico, a rural residential consumer uses 540 kWhs per month. The distribution cooperatives in New Mexico have assets of approximately \$700 million. These assets consist of over 42,000 miles of distribution lines and related equipment necessary to serve

their membership. The cooperatives in New Mexico also own over \$500 million in generation and transmission assets. Cooperatives employ over 900 people in New Mexico.

Cooperatives serve 157,000 residential customers, 30,000 commercial customers, 7,000 irrigation customers and 100 industrial customers. These customers used 4,400,000 MWhs of electricity in 2004. All of the power is provided under wholesale contracts with either Tri-State G&T Cooperative or Southwestern Public Service Company. The corresponding purchase power cost was \$200 million. The 16 New Mexico distribution cooperatives had total revenues of \$308 million, operating margins of \$27 million and net margins of \$13.5 million in 2004.

The NMRECA has been following the net metering issue at the New Mexico Legislature and in other venues for several years. Within NMRECA's membership there has been much debate over net metering. In late 2004, the NMRECA on a majority vote, agreed to initiate net metering legislation in the 2005 legislative session. The House Judiciary Committee Substitute for House Energy and Natural Resources Committee Substitute for House Bill 200 was the final version of the compromise legislation. The NMRECA endorsed this bill, as did all other interested parties at the time. However, this House version of the net metering bill was amended and ceased to be a consensus bill. This bill did not become law and was not reintroduced in the 2006 session.

In 2006, this Commission issued a Notice of Inquiry to consider the revision of existing rules governing net metering. NMRECA and several of its member cooperatives participated in each of the workshops held by the Commission pursuant to the Notice of Inquiry. Through the workshops, there was an opportunity for NMRECA, its members, investor-owned utilities, the Staff, and numerous other interested persons to discuss the various issues arising from net metering and to exchange proposals for addressing these issues. Foremost among the

concerns expressed by NMRECA and some of its member cooperatives is the need to assure the customers of the various cooperatives that any changes in the net metering rules are implemented in a manner that is fair and just for all customers of the cooperatives and there are no unwarranted subsidies. What emerged from this process is a consensus rule. The New Mexico Rural Electric Cooperatives support this consensus rule.

Respectfully submitted,  
New Mexico Rural Electric Cooperative Association

By \_\_\_\_\_  
Keven J. Groenewold  
614 Don Gaspar  
Santa Fe, New Mexico 87505  
(505) 982-4671

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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing response to **Notice of Inquiry** in the above captioned case was sent electronically to the following counsel of record:

Alarid, Anthony	<a href="mailto:anthony.alaridl@state.nm.us">anthony.alaridl@state.nm.us</a>
Anixter, Mari	<a href="mailto:anixter@swcp.com">anixter@swcp.com</a>
Boyle, Gary	<a href="mailto:Gary.Boyle@pnmresources.com">Gary.Boyle@pnmresources.com</a>
Brack, James	<a href="mailto:Jim.Brack@state.nm.us">Jim.Brack@state.nm.us</a>
Browning, Adam	<a href="mailto:abrowning@votesolar.org">abrowning@votesolar.org</a>
Carbajal, Victor	<a href="mailto:victorm.carbajal@state.nm.us">victorm.carbajal@state.nm.us</a>
Coriz, Virgil	<a href="mailto:vcoriz@jemezcoop.org">vcoriz@jemezcoop.org</a>
Dempster, Bill	<a href="mailto:wfdempster@aol.com">wfdempster@aol.com</a>
Goodwin, Stacey	<a href="mailto:stacey@childresslaw.com">stacey@childresslaw.com</a>
Gould, Peter	<a href="mailto:pgouldlaw@aol.com">pgouldlaw@aol.com</a>
Griscom, David	<a href="mailto:dgriscom@rdcnm.org">dgriscom@rdcnm.org</a>
Harris, Dahl	<a href="mailto:Dahl.Harris@state.nm.us">Dahl.Harris@state.nm.us</a>
Heath, Jim	<a href="mailto:j.heath@earthlink.net">j.heath@earthlink.net</a>
Herrmann, William	<a href="mailto:William.Herrmann@state.nm.us">William.Herrmann@state.nm.us</a>
Innis, Susan	<a href="mailto:susan@westernresources.org">susan@westernresources.org</a>
Johnson, Brian	<a href="mailto:Brian.K.Johnson@state.nm.us">Brian.K.Johnson@state.nm.us</a>
Kauffman, Bryan	<a href="mailto:bryan.kauffman@xcelenergy.com">bryan.kauffman@xcelenergy.com</a>
Kunka, Sherry	<a href="mailto:sherry.kunka@xcelenergy.com">sherry.kunka@xcelenergy.com</a>
Lane, Cary	<a href="mailto:cary@energyconcepts.net">cary@energyconcepts.net</a>
Luce, Ben	<a href="mailto:lucien@cybermesa.org">lucien@cybermesa.org</a>
Michel, Steven	<a href="mailto:stevensmichel@comcast.net">stevensmichel@comcast.net</a>
Nixon, Sunny	<a href="mailto:snixon@rody.com">snixon@rody.com</a>
O'Hare, Craig	<a href="mailto:craig.ohare@state.nm.us">craig.ohare@state.nm.us</a>
Oliver, Jennifer	<a href="mailto:jennifer@windenergy.com">jennifer@windenergy.com</a>
Potturi, Prasad	<a href="mailto:Prasad.Potturi@state.nm.us">Prasad.Potturi@state.nm.us</a>
Provencio, Joe	<a href="mailto:jprovenc@epelectric.com">jprovenc@epelectric.com</a>
Reif, Ken	<a href="mailto:kreif@tristategt.org">kreif@tristategt.org</a>
Sadewic, Randy	<a href="mailto:randy@positiveenergysolar.com">randy@positiveenergysolar.com</a>
Sindelar, Allan	<a href="mailto:allan@positiveenergysolar.com">allan@positiveenergysolar.com</a>
Stephenson, David	<a href="mailto:david.stephenson@xcelenergy.com">david.stephenson@xcelenergy.com</a>
Taylor, Jeff	<a href="mailto:jtaylor@ago.state.nm.us">jtaylor@ago.state.nm.us</a>

Thomas, Behnfield  
Wander, Tom  
Yee, Jane

[globalenergy@comcast.net](mailto:globalenergy@comcast.net)  
[twander@pnm.com](mailto:twander@pnm.com)  
[Jane.Yee@state.nm.us](mailto:Jane.Yee@state.nm.us)

DATED this 28<sup>th</sup> day of September, 2006

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Keven J. Groenewold