



La Luz de Jemez

By Andrew J. Chávez

Your Electric Co-op Member Newsletter

## Negotiations End Over Jemez Pueblo Solar Project

On December 7, 2010 the Board of Trustees of Jemez Mountains Electric Cooperative (JMEC) rejected a final offer to participate in a 3.5 megawatt solar project located at Jemez Pueblo.

Negotiations for the solar project commenced in July 2009. At that time, JMEC strongly supported the Native American renewable energy project, a first of its kind in the nation. But in the final analysis, JMEC determined that the costs required to support the project were too high. With the project, JMEC would assume additional fuel costs of \$450,000 to \$500,000 per year, most of which would be

passed on to the utility's customers.

JMEC serves 33,000 customers in

low-income areas of Rio Arriba and Sandoval counties.

Another complicating factor was uncertainty about whether the New Mexico Public Regulation Commission (PRC) would approve the rate increase required to support the project. Currently, JMEC pays 6.7 cents per kilowatt hour for its energy, compared to the 15 cents per kilowatt hour required for the solar project. The PRC could reject the rate increase as excessive, making



the costs non-recoverable and resulting in serious financial implications for JMEC. Currently, one hundred percent of JMEC's energy needs are supplied by Tri-State under a 40-year contract.

**"It would be irresponsible to commit to this agreement without knowing how the PRC would view the rate increase."**

*Wayne Sowell*

*JMEC General Manager*

The JMEC Board of Trustees was also concerned that a significant portion of project revenues would be directed out of state. The solar project is structured as a for-profit limited liability company, which Jemez Pueblo would own in year nine of the twenty-year agreement. But for the first eight years, all profits would flow to an out-of-state tax shelter which was being marketed out of Oklahoma for investors.

General Manager Wayne Sowell reports this combination of factors resulted in the Board's decision. "The Board is charged with making the best decision for its members over

the long term. First and foremost, JMEC does not believe the rate increase can be sustained by its customers, particularly in this tough economy," says Sowell. But Sowell indicated that JMEC had hoped to continue good-faith negotiations with Jemez Pueblo, until the Pueblo forced consideration of a final offer earlier this month.

"It would be irresponsible to commit to this agreement without knowing how the PRC would view the rate increase," says Sowell, "and the Pueblo did not allow us time to explore that issue." Sowell insists that JMEC is committed to supporting renewable energy projects and hopes to explore opportunities that are sustainable for the utility and its members and that result in economic benefits for New Mexico.

We're on the web!

[www.jemezcoop.org](http://www.jemezcoop.org)

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Save The Date!

*In observance of  
Martin Luther King  
Jr. Day,  
all JMEC Offices  
will be closed on  
Monday January  
17, 2011.*

## JMEC Upgrades Two-way Radio Communications

In late 2010, JMEC began upgrade of its two-way radio communications system Coop-wide. Migration from an antiquated wide-band analog system to a narrowband digital system is being conducted by Advanced Communications & Electronics, Inc. at a cost of \$196,750.00.

*"The idea was to bring the Coop into narrowband compliance sooner rather than later."*

*Eli Gallegos*

*JMEC Purchasing Agent*

A mandate by the Federal Communications Commission (FCC) states licensees of stations (radio communications) must be in compliance by January 1, 2013 which serves as the deadline to migrate to narrowband or narrowband-equivalent technology.

"The idea was to bring the Coop into narrowband compliance sooner rather than later. Implementing a state-of-the-art two-way radio communications system will be advantageous to both the Coop and its membership" said **Eli Gallegos**, Purchasing Agent for JMEC. Gallegos also said "In an effort to better serve our membership throughout the 5-county service territory, our crews will have immediate and reliable digital radio communications in the field and at all JMEC office locations." Estimated completion of the upgrade is scheduled for mid-year 2011.

## JMEC's GM Sowell Retires From the N.M. National Guard After 35 Years

**W**ayne Sowell, chief warrant officer five (the equivalent of a colonel) officially retired in December after 35 years in the New Mexico National Guard and nearly 40 years serving in the military. Sowell is considered the last Vietnam-era soldier, enlisted or commissioned, to retire from the NM Army National Guard.

An instructor and Standardization Helicopter Pilot with the 717th MEDEVAC Co. of the New Mexico Army National Guard, Wayne started flying in 1969 when he received his fixed wing license and took to the sky. At the time of his retirement, Wayne has logged just under 10,000 flight hours.



Our sincere congratulations to JMEC's General Manager Wayne Sowell and his entire family on his retirement from the military.