

February 10, 2015

Dear Jemez Mountains Electric Cooperative Inc. Consumer,

Jemez Mountains Electric Cooperative Inc.'s (JMEC) service area includes the Native American lands of the Santa Ana, Jemez, Zia, Santa Clara, Pojoaque, Nambe, San Ildefonso and Ohkay Owingeh Pueblos and the Navajo and Jicarilla Apache Nations. JMEC has negotiated and executed easement agreements for rights-of-ways across Ohkay Owingeh, Santa Clara, Nambe, San Ildefonso, Pojoaque and Santa Ana. JMEC has been making annual installment payments to these Pueblos (with the exception of Santa Ana where the easement was traded for a line extension).

Since 2012, JMEC has been diligently pursuing approvals from the New Mexico Public Regulation Commission (PRC) and JMEC members who chose to take part in the PRC proceedings to determine the best way to recover the costs associated with the right-of-way access costs JMEC is required by federal law to pay to the Native American governments. As approved by the PRC, JMEC's Rate 19 was developed to recover these costs in two different categories. The System surcharge (Rate Rider No. 2 on your bill) is designed to recover the cost of the easements associated with lines and substations that are the backbone of JMEC's utility infrastructure and serve all JMEC customers. The Local surcharge (Rate Rider Nos. 3, 4, 5, 6 or 7 on your bill) is designed to recover the cost associated with lines that primarily serve JMEC's customers located within the exterior boundaries of each Tribal entity.

JMEC is required by the Stipulations reached in the various Tribal ROW cases and the PRC's orders approving those Stipulations to track the total amount of ROW access costs recovered under each Rate Rider and balance the account to the amounts JMEC pays to each Native American government on an annual basis. This reconciliation report was filed with the NMPRC on February 11, 2015 as Advice No. 70. Please see the NOTICE TO RATEPAYERS that is included with this letter to see the changes in each rate. Changes to the rate rider surcharges are scheduled to be implemented in your March bill. You can view Advice Notice No. 70 with all supporting documents by downloading it from our homepage at www.jemezcoop.org, or pick up a copy at any one of our offices. You can also view a video explaining the charges by going to www.jemezcoop.org, my account, understanding you bill and click on the YouTube link for Rate Riders for Native American Access Charges.

Respectfully,



Joseph Sanchez, JMEC General Manager

NOTICE TO RATEPAYERS

JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC. (JMEC or Cooperative) will file proposed rate riders, under Advice Notice No. 70, on February 11, 2015 with the New Mexico Public Regulation Commission (Commission) for Native American Access Cost Recovery. The rate riders will continue the cost recovery for the Native American Access Cost Recovery as previously approved by the Commission in 2012-2014. Third Revised Rate Rider No. 2 – Entire Consumer Base (System Consumers), approved on August 13, 2014, will be replaced with Forth Revised Rate Rider No. 2 and will result in a decrease to all consumers. The system costs per kWh are from the five following Pueblos; Ohkay Owingeh, San Ildefonso, Nambe, Pojoaque and Santa Clara. First Revised Rate Rider No. 3 – Pueblo of Ohkay Owingeh will be filed and will result in an increase to all consumers located within the external boundaries of the Pueblo of Ohkay Owingeh (Local Consumers). First Revised Rate Rider No. 4 – Pueblo de San Ildefonso will be filed and will result in an increase to all consumers located within the external boundaries of the Pueblo de San Ildefonso (Local Consumers). First Revised Rate Rider No. 5 – Pueblo of Nambe will be filed and will result in an increase to all consumers located within the external boundaries of the Pueblo of Nambe (Local Consumers). First Revised Rate Rider No. 6 – Pueblo of Pojoaque will be filed and will result in a decrease to all consumers located within the external boundaries of the Pueblo of Pojoaque (Local Consumers). First Revised Rate Rider No. 7 – Pueblo of Santa Clara will be filed and will result in a decrease to all consumers located within the external boundaries of the Santa Clara Pueblo (Local Consumers). Consumers affected by Rate Riders 3, 4, 5, 6 and 7 include consumers on private land within the exterior boundaries of the pueblos.

JMEC's consumers are notified that:

- a) Original Rate 19 was approved by the Commission August 14, 2012 and established a mechanism for JMEC to recover costs incurred due to a requirement that JMEC make payments to Native American governments for access expenses. Access costs are defined as expenses for Rights-of-Way on Native American Lands and are separated by System Rights of Way and Local Rights of Way.
- b) Forth Revised Rate Rider No. 2 is applicable to all consumers within the territory of JMEC that are provided regular utility service under Rate Schedules 1, 2, 3, 4, 5, and 6, on file with the Commission and is in addition to the regular charges under the applicable rate schedule. The kWh charge previously approved by the Commission is derived from taking the system costs of ROW payments and preliminary costs approved for recovery in each of the Pueblo ROW cases and dividing them by prior 12 months kWh sales for a base surcharge. Additionally, JMEC has taken the over collection or under collection of the prior cost recovery period and divided it by the prior 12 months actual kWh sales for the true up charge/credit.
- c) First Revised Rate Riders 3, 4, 5, 6 and 7 are applicable to all consumers within the exterior boundaries of their defined Tribal governments as stated above that are provided regular utility service under Rate Schedules 1, 2, 3, 4, 5, and 6, on file with the Commission and is in addition to the regular charges under the applicable rate schedule. The kWh surcharge approved for recovery in each of the Pueblo ROW cases is derived from adding the local costs and dividing them by prior 12 months kWh sales for the defined Pueblo. Additionally, JMEC has taken the over collection or under collection of the prior cost recovery period and divided it by the prior 12 months actual kWh sales for the true up charge/credit.
- d) The proposed changes affect an average of 26,727 consumers in the residential – time of use rate, 275 consumers in the residential – time of use rate, 3,372 consumers small commercial rate, 22 consumers in the small commercial – time of use rate, 391 consumers large power rate, 2 consumers in the large power contract rate and 210 consumers security and street lighting only rate.
- e) JMEC is proposing that these surcharges be effective April 1, 2015. JMEC has filed these revisions in surcharges consistent with the requirements in the Stipulations and Orders issued by the Commission in various Native American Access Cost Recovery cases in which the Commission approved the recovery of these costs through



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Toll Free Number
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General Manager
Joseph Sanchez

surcharges to be applied over the extended terms of the ROW easement agreements with each of the Pueblos. Because JMEC filed these revisions to ROW surcharges as required by the Stipulations and Commission orders in the prior Tribal ROW cases, JMEC has requested a variance or waiver of requirements for protest by consumers and notices related to consumer protests. HOWEVER, IF A HEARING IS HELD BY THE PUBLIC REGULATION COMMISSION, ANY COSTS INCURRED BY THE UTILITY MAY BE INCLUDED IN THE UTILITY'S FUTURE RATES, FOLLOWING THE UTILITY'S NEXT RATE CASE.

f) Any interested person may examine the rate filing together with any exhibits and related papers that may be filed at any time at the main office of the Cooperative, Chama Highway, P.O. Box 128, Espanola, New Mexico 87532 (telephone 505 753-2105 or 888-755-2105 or www.jemecoop.org); or on or after the date of filing at the offices of the Commission, 1120 Paseo De Peralta, PO Box 1269, Santa Fe, New Mexico 87504 (telephone 505-827-6960 or 888-427-5772 or http://www.nmcpr.state.nm.us).

g) Procedures for protesting a proposed rate or rates are set forth in NMPRC Rule 179.540 NMAC, a copy of which can be obtained upon request from or inspected at either JMEC's offices or on its website as listed above, or at the Commission's offices or on its website as listed above.

h) The proposed rate riders kWh monthly surcharges are as follows:
Forth Revised Rate Rider No. 2 System Charge - All Applicable kWh sales @ \$.00172/kWh sold (base charge of \$0.00196, true up credit of -\$0.00024).

First Revised Rate Rider No. 3 Local Charge for Pueblo of Ohkay Owingeh - All Applicable kWh sales @ \$.001044/kWh (base charge of \$0.00795, true up charge of \$0.00249).

First Revised Rate Rider No. 4 Local Charge for Pueblo de San Ildefonso - All Applicable kWh sales @ \$0.01527/kWh sold (base charge of \$.0.1318, true up charge of \$0.00209).

First Revised Rate Rider No. 5 Local Charge for Pueblo of Nambe - All Applicable kWh sales @ \$0.00968/kWh (base charge of \$0.00814, true up charge of \$0.00154).

First Revised Rate Rider No. 6 Local Charge for Pueblo of Pojoaque - All Applicable kWh sales @ \$.00030/kWh (base charge of \$0.00048, true up credit of -\$0.00018)

First Revised Rate Rider No. 7 Local Charge for Pueblo of Santa Clara --- All Applicable kWh sales @ \$0.00172/kWh (base charge of \$0.00171, true up charge of \$0.00001).

i) A comparison of the present rate and proposed rate with rate rider adjustment at various kWh consumption levels is as follows: General Service – Time of Use rate comparison is not included due to the variations in the consumption characteristics of an individual consumer.

GENERAL SERVICE – RATE 1 (BILLING RATE 1) AND RATE RIDER 2

MONTHLY KWH	PRESENT RATE*	PROPOSED RATE*	MONTHLY \$ INCREASE	MONTHLY % INCREASE
0	\$14.00	\$14.00	\$0.00	0.00%
250	\$40.04	\$39.78	-\$0.26	-0.64%
500	\$66.08	\$65.56	-\$0.52	-0.78%
750	\$92.61	\$91.84	-\$0.77	-0.83%
1000	\$121.15	\$120.12	-\$1.03	-0.85%

GENERAL SERVICE – RATE 1 (BILLING RATE 1) AND RATE RIDER 2 AND 3 (OHKAY OWINGEH)

MONTHLY KWH	PRESENT RATE*	PROPOSED RATE*	MONTHLY \$ INCREASE	MONTHLY % INCREASE
0	\$14.00	\$14.00	\$0.00	0.00%
250	\$41.86	\$42.65	\$0.79	1.89%
500	\$69.71	\$71.30	\$1.58	2.27%
750	\$98.07	\$100.44	\$2.38	2.42%
1000	\$128.42	\$131.59	\$3.17	2.47%
2000	\$285.88	\$292.22	\$6.34	2.22%

GENERAL SERVICE – RATE 1 (BILLING RATE 1) AND RATE RIDER 2 AND 4 (SAN ILDEFONSO)

MONTHLY KWH	PRESENT RATE*	PROPOSED RATE*	MONTHLY \$ INCREASE	MONTHLY % INCREASE
0	\$14.00	\$14.00	\$0.00	0.00%
250	\$41.44	\$43.86	\$2.41	5.82%
500	\$68.88	\$73.71	\$4.83	7.01%
750	\$96.83	\$104.07	\$7.24	7.48%
1000	\$126.77	\$136.42	\$9.65	7.61%
2000	\$282.58	\$301.88	\$19.30	6.83%

GENERAL SERVICE – RATE 1 (BILLING RATE 1) AND RATE RIDER 2 AND 5 (NAMBE)

MONTHLY KWH	PRESENT RATE*	PROPOSED RATE*	MONTHLY \$ INCREASE	MONTHLY % INCREASE
0	\$14.00	\$14.00	\$0.00	0.00%
250	\$41.82	\$42.46	\$0.64	1.53%
500	\$69.64	\$70.92	\$1.28	1.83%
750	\$97.96	\$99.87	\$1.92	1.96%
1000	\$128.28	\$130.83	\$2.56	1.99%
2000	\$285.59	\$290.70	\$5.11	1.79%

GENERAL SERVICE – RATE 1 (BILLING RATE 1) AND RATE RIDER 2 AND 6 (POJOAQUE)

MONTHLY KWH	PRESENT RATE*	PROPOSED RATE*	MONTHLY \$ INCREASE	MONTHLY % INCREASE
0	\$14.00	\$14.00	\$0.00	0.00%
250	\$40.80	\$40.11	\$0.68	-1.68%
500	\$67.59	\$66.23	\$1.37	-2.02%
750	\$94.89	\$92.84	\$2.05	-2.16%
1000	\$124.19	\$121.45	\$2.74	-2.20%
2000	\$277.41	\$271.94	\$5.47	-1.97%

GENERAL SERVICE – RATE 1 (BILLING RATE 1) AND RATE RIDER 2 AND 7 (SANTA CLARA)

MONTHLY KWH	PRESENT RATE*	PROPOSED RATE*	MONTHLY \$ INCREASE	MONTHLY % INCREASE
0	\$14.00	\$14.00	\$0.00	0.00%
250	\$40.47	\$40.47	\$0.00	-0.01%
500	\$66.94	\$66.94	-\$0.01	-0.01%
750	\$93.91	\$93.90	-\$0.01	-0.01%
1000	\$122.89	\$122.87	-\$0.01	-0.01%
2000	\$274.81	\$274.78	-\$0.03	-0.01%

* Present and proposed rates do not include the cost of purchased power and interest on long term debt above the base costs built into the base rates.