

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 03/05/15

SPONSOR HEENC **LAST UPDATED** _____ **HB** 624/HEENC

SHORT TITLE Public Peace, Health, Safety and Welfare **SB** _____

ANALYST Clark

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY15	FY16	FY17		
	Minimal	Minimal	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Minimal	Minimal		Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Regulation Commission (PRC)

SUMMARY

Synopsis of Bill

The House Energy, Environment and Natural Resources Committee Substitute for House Bill 624 amends Section 72-1-10 NMSA 1978 to subject the Albuquerque-Bernalillo County Water Utility Authority (Authority) to Public Regulation Commission (PRC) jurisdiction and provisions of the Public Utility Act.

FISCAL IMPLICATIONS

There would be a minimal administrative cost associated with this bill, and PRC would generate very minimal revenues from fees charged to the Authority.

SIGNIFICANT ISSUES

The bill would provide PRC regulation over the Authority, adding oversight of rates and quality and reliability of service. However, PRC notes that by requiring the Authority to submit requests to PRC for rate increases, the Authority would incur additional administrative and legal costs for rate case preparation and hearings.

The Albuquerque-Bernalillo County Water Utility Authority was created in 2003 to make policy decisions about water and sewer usage, set water and sewage rates, and establish drought restrictions and other water regulations and ordinances. The duties of the Authority are complex, and the Authority is empowered to approve major water utility projects and to issue bonds to finance those projects.

The Authority's board of directors is currently composed of the mayor of Albuquerque, three city councilors and three county commissioners. The membership of the board may change on an annual basis at the pleasure of the president of the Albuquerque City Council and the chair of the Bernalillo County Commission. Additionally, a member of the Albuquerque City Council may designate another member to serve in the member's absence, a member of the Bernalillo County Commission may designate another member to serve in the member's absence, and the mayor of Albuquerque may designate the chief executive officer of Albuquerque, a member of the Albuquerque City Council, or a member of the Bernalillo County Commission to serve in the mayor's absence, creating the potential for a lack of institutional knowledge among the members at a particular meeting.

ADMINISTRATIVE IMPLICATIONS

There would be a minimal administrative burden to regulate the Authority and hear rate cases.

OTHER SUBSTANTIVE ISSUES

The regional water plan for the middle Rio Grande identified an existing gap between regional water supply and demand that is expected to grow without focused and intensive actions to stop it. Additionally, concerns have been raised as to the testing and treating of drinking water, as well as the handling of the jet fuel spill originating at Kirtland Air Force Base.

PRC currently regulates the following water companies.

Boles Water System	Caprock Water Company	CBG Maintenance
CDS Rainmakers Utilities	Desertaire Water Company	Echo Valley Water Company
Eileen Acres Services	Epcor Water New Mexico	Fort Selden Water Company
Homestead Water Company	Indian Hills Water Works	Jornada Water Company
Lake Section Water Company	Melody Ranch Water Company	Mesa Development Center
Monterey Water Company	Moongate Water Company	New Mexico Water Service Company
New Mexico Waterworks	Quemado Waterworks	River Valley View Water System
Sandia Peak Utility	South Hills Water Company	Sunlit Hills of Santa Fe
Sunset Acres Water	Thunder Mountain Water Company	Timberon Water and Sanitation District
West Mesa Water Company		