

**MINUTES**  
**of the**  
**THIRD MEETING**  
**of the**  
**SCIENCE, TECHNOLOGY AND TELECOMMUNICATIONS COMMITTEE**

**September 28, 2020**  
**Video Conference Meeting**

The third meeting of the Science, Technology and Telecommunications Committee was called to order by Senator Michael Padilla, chair, on September 28, 2020 at 9:05 a.m. by video and audio conference via an online platform.

**Present**

Sen. Michael Padilla, Chair  
Rep. Debra M. Sariñana, Vice Chair  
Sen. William F. Burt  
Rep. Christine Chandler  
Rep. Kelly K. Fajardo  
Rep. Tara L. Lujan  
Rep. Melanie A. Stansbury

**Absent**

Rep. Jason C. Harper  
Sen. Mark Moores  
Sen. Bill B. O'Neill  
Sen. William P. Soules

**Advisory Members**

Rep. Abbas Akhil  
Sen. Jacob R. Candelaria  
Sen. Roberto "Bobby" J. Gonzales  
Sen. Richard C. Martinez  
Sen. Nancy Rodriguez  
Sen. Bill Tallman

Sen. Craig W. Brandt  
Rep. Daymon Ely  
Sen. Ron Griggs  
Sen. Mary Kay Papen  
Sen. William H. Payne  
Rep. Joseph L. Sanchez  
Sen. Peter Wirth

**Guest Legislator**

Rep. Willie D. Madrid

**Staff**

Mark Edwards, Bill Drafter, Legislative Council Service (LCS)  
Ralph Vincent, Systems Consultant, LCS  
Joanne Vandestreek, Senior Legislative Librarian, LCS

**Handouts**

Handouts and other written testimony are in the meeting file and posted on the legislature's website.

## **Monday, September 28**

### **Welcome and Introductions (9:06 a.m.)**

Senator Padilla welcomed committee members. Committee members and staff introduced themselves.

### **Proposed Statutory Changes to Foster a Vibrant Telecommunications Services Market (9:12 a.m.)**

Leo Baca, director, Government and Regulatory Affairs, CenturyLink, and Tim Goodwin, associate general counsel, CenturyLink, provided the committee with a presentation on CenturyLink's proposed statutory changes for telecommunications. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=STTC&Date=9/28/2020&ItemNumber=1>.

Comments from committee members included the following.

- Committee members are interested in parity and investment in the telecommunications industry, along with the provision of quality of service for all areas of New Mexico.
- The Public Regulation Commission (PRC) does not regulate broadband services but is limited to the regulation of voice services (landlines).
- CenturyLink has 200,000 dedicated landlines in service. The next largest landline service provider is WindStream Communications, with 45,000 landlines. All other carriers in New Mexico have fewer than 10,000 landlines.
- The next largest provider of voice services is Comcast, providing voice over internet protocol, or "VOIP", service. The other largest providers for voice services are cellular service providers, such as AT&T and Verizon.
- The proposed legislation would apply only to CenturyLink because of the number of customers it serves.
- Typical networks currently provide both broadband and voice services, but customers are migrating away from voice services using landlines.
- Some committee members have concerns about the amount of deregulation in the proposed legislation.

### **Public Comment (9:59 a.m.)**

The chair allowed public comment from Michael Salazar and Michael Gonzales from Communications Workers of America (CWA), who joined the meeting to voice CWA's opposition to CenturyLink's legislative proposal.

Comments from committee members included the following.

- The proposed legislation will eliminate all quality of service regulations. This may affect the services provided to rural areas.

- The number of consumer complaints has trended downward based on a recent report from the PRC.

**Rural and Small Carrier Perspective on New Mexico's Regulatory Environment (10:22 a.m.)**

Matejka Santillanes, executive director, New Mexico Exchange Carrier Group (NMECG), Jay Santillanes, registered lobbyist, NMECG, and William Templeman, attorney, NMECG, provided the committee with a presentation on the rural and small carriers' perspective on the regulatory environment. The presentation can be found here:

<https://www.nmlegis.gov/handouts/STTC%20092820%20Item%202%20--%20NM%20Exchange%20Carrier%20Group.pdf>.

Comments and questions from committee members included the following.

- All NMECG member companies are regulated by the PRC under the Rural Telecommunications Act of New Mexico for companies with fewer than 50,000 landlines. A majority of NMECG companies have fewer than 10,000 landlines. The State Rural Universal Service Fund (SRUSF) is administered by the PRC.
- How does funding provided through the SRUSF to individual rural service providers not violate the Anti-Donation Clause of the Constitution of New Mexico?

**A Tribal Carrier Perspective on New Mexico's Regulatory Environment (10:51 a.m.)**

Godfrey Enjady, general manager, Mescalero Apache Telecom, Inc., provided the committee with a presentation on a tribal carrier's perspective on the regulatory environment. The presentation can be found here:

<https://www.nmlegis.gov/handouts/STTC%20092820%20Item%203%20--%20Mescalero%20Apache%20Telecommunication%20Inc.%20--%20Tribal%20perspective%20on%20Telecommunications%20Regulation.pdf>.

Comments from committee members included the following.

- While the typical cost for laying cable is approximately \$30,000 per mile, the cost on Mescalero Apache tribal lands is approximately \$50,000 to \$60,000 per mile.
- Mescalero Apache tribal lands include approximately 750 square miles.
- There are approximately 5,000 Mescalero Apache tribal members.

**The Perspective of Regulators on the Regulatory Framework Required to Achieve the Broadest Access and Highest Quality of Service in the Telecommunications Market (11:07 a.m.)**

Steve Fischmann, chair, PRC; Theresa Becenti-Aguilar, commissioner, District 4, PRC; Mike Ripperger, chief, Telecommunications Bureau, PRC; and Russell Fisk, associate general counsel, PRC, provided the committee with a presentation on the PRC's perspective on the regulatory environment. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=STTC&Date=9/28/2020&ItemNumber=4>.

Comments and questions from committee members included the following.

- Individual PRC commissioners may have a public opinion on the proposed legislation, but there will be no official PRC opinion.
- CenturyLink has stopped making quality-of-service reporting available to the PRC. No sanctions have been imposed as yet.
- Funds are available from the SRUSF for rural and underserved areas as defined by the PRC.
- Funding through the SRUSF has been available for the past three years. There is a \$30 million statutory cap on the fund. In the first year, the PRC received requests for \$6 million from the fund, and \$5 million was allocated. In the second year, requests for funding totaled \$4.8 million, and the total amount requested was allocated.
- This year's requests for funding through the SRUSF total approximately \$16 million, and there is approximately \$14 million available.
- An earlier report from the Legislative Finance Committee stated that approximately \$1 billion is needed to make broadband services available to everyone in New Mexico.
- Will less regulation attract other businesses to invest in New Mexico? The right regulation is defined as the minimum to assure low-cost, quality services. New Mexico's regulations are viewed as a deterrent to further investments from other telecommunications companies.
- The federal Bureau of Indian Affairs is also involved in the regulation of telecommunications on tribal lands.
- What is the philosophy for the allocation of the SRUSF to new or existing projects? The rules established in 2017 state that funding is for new projects rather than existing ones.
- More communication between the legislature and the PRC is necessary to enhance operations of the telecommunications industry in New Mexico.

#### **San Juan Generating Station (SJGS) Carbon Capture Update (12:04 p.m.)**

Cindy Crane, chief executive officer, Enchant Energy; Peter Mandelstam, chief operating officer, Enchant Energy; and Hank Adair, director, Farmington Electric Utility System, provided the committee with an update on plans for the SJGS carbon capture program. The presentation can be found here:

<https://www.nmlegis.gov/handouts/STTC%20092820%20Item%205%20--%20Farmington%20and%20Enchant%20Energy%20--%20Carbon%20Capture%20Upgrade%20for%20%20San%20Juan%20Generating%20Plant.pdf>.

Comments from committee members included the following.

- The current plan for the SJGS carbon capture program in 2020 includes raising development equity, initiating carbon capture plant permitting, continued expansion

- of the management team, continued carbon dioxide off-take and associated transportation and storage negotiations, continued power off-take negotiations and continued transfer negotiations with non-extending owners.
- In 2021, the program is scheduled to finalize contract negotiations with the construction consortium; drill sequestration wells and extract core samples for carbon dioxide permeability tests; complete carbon capture plant permitting; close financing of the carbon capture island, plant deferred maintenance and the carbon dioxide pipeline; and commence construction of the Carbon Capture Utilization Storage (CCUS).
  - The program plan for 2022 through 2024 includes the transfer of 95% ownership of the SJGS to Enchant Energy; completion of plant deferred maintenance construction; and commencement of commercial operation of the CCUS.
  - This project should adhere to the environmental concerns of the state of New Mexico.
  - The market analyses show that additional power for commercial sales will be needed for markets other than California. Enchant Energy is an independent power provider and will be involved in long-term contracts for the provision of the additional power.
  - Enchant Energy anticipates that by July 1, 2022, it will take ownership and begin selling power.
  - Modeling studies have been developed to review the transmission capacities related to this project.
  - Different economic factors exist for the development of the CCUS than those that existed for the Petra Nova plant that is closing in Texas. While there are concerns about the large scale-up of this technology, Enchant Energy officials are confident that Mitsubishi Heavy Industries, Ltd. will meet the demands with proven technologies.
  - Flue gas transferred from the SJGS to the carbon capture island is approximately 5.8 million metric tons per year and will be captured, compressed and transported to the Cortez pipeline and then to Enhanced Oil Recovery. This translates into 124 megawatts of power and 122 megawatts of steam energy to be used by the CCUS.

**Public Comment**

No public comment was received.

**Adjournment**

There being no further business before the committee, the meeting adjourned at 1:02 p.m.