



FISCAL YEAR 2019 APPROPRIATION REQUEST OVERVIEW LEGISLATIVE FINANCE COMMITTEE

December 06, 2017

NEW MEXICO PUBLIC REGULATION COMMISSIONERS

Chair Sandy Jones | Vice-Chair Cynthia Hall |

Commissioner Valerie Espinoza | Commissioner Patrick H. Lyons | Commissioner Lynda Lovejoy



FY19 Budget Request

Operating Budget- Overall budget request is **\$81,267.3** which includes pass through amount of **\$ 66,453.2** representing an overall operating budget request of **\$14,814.1**, which is made up of the following:

General Fund Request is \$6,666.8 – Covers partial funding for all authorized FTE’s for P611(Policy & Regulation) and P613 (Program Support) of the PRC. GF covers approximately 81% salaries and benefits in P611 and 41% in P613 for the FY19 request. General fund request remains flat from the FY18 operating budget. The distribution of this General Fund request will be provided as follows:

P611- Policy and Regulation-	\$ 5,980.2
P613- Program Support-	\$ 686.6
Total	\$ 6,666.8

Federal Funds \$899.8 – Federal support for pipeline safety inspections. \$ 53.2 decrease from FY18 based on reduced federal revenue.

Other Transfers, distributed from Special Revenue Program \$ 7,247.5 – FY19 budget request is an increase of \$1,655.7 from FY18 operating budget. Increase request is from the Fire Protection Fund.

In Fiscal Year 2017, the PRC expended over \$11.5 Million in Category 200, personal services & employee benefits (PS&EB). PS & EB comprises approximately 82 % of the PRC’s operating budget.

FY18 Staffing @ 12/01/17

FTE	PROGRAM	# of VACANCIES	POSITIONS FILLED	% VACANCY
79	P611 Policy & Reg.	14	65	17.72%
53	P612 Public Safety	12	41	22.64%
22	P613 Program Support	4	18	18.18%
154	Total Agency	30	124	19.48%



FY19 Budget Request Increases Highlights by Program

P611 (Policy & Regulation):

\$ 400.0 for consultant for highly specialize utility rate case analysis.

\$150.0 for utility rate case software subscription. Utility rate case software is used in the industry for analysis; utilities use software to develop rate case requests.

\$ 20.0 for training and professional development using the new software.

\$25.0 for vehicle request purchase for aging fleet. Increase for out of state mileage and fares and meals and lodging for training and professional development.

P611 Total increase \$ 1,138.8 from FY18 OpBud.

200's: \$ 490.8

300's: \$ 415.9

400's: \$ 232.1

P612 (Public Safety):

\$25.0 software subscriptions for code enforcement. Software will allow State Fire Marshal's Code Enforcement Bureau to utilize automated software for violations and electronic copies of building codes.

\$12.0 is for training and professional development.

\$22.0 is for out of state mileage and per diem for training and professional development.

\$40.0 for a light duty pickup for State Fire Marshal's Fire Firefighter Training Academy. Light duty pickup is for hauling course supplies for trainings throughout the state.

P612 Total increase \$ 221.1 from FY18 OpBud.

200's: \$ 202.7

300's: \$ (1.2)

400's: \$ 19.6



FY19 Request Continued

P613 (Program Support):

Increase for P613 are to align the FY19 budget request in account codes based on FY17 actuals for 300 and 400 categories.

Total increase \$ 242.6 from FY18 OpBud.

200's: \$ 168.8

300's: \$ 17.2

400's: \$ 56.6

Total agency request increase \$ 1,602.5 from the FY18 OpBud. Federal Funds were reduced \$ 53.2 (P612 Public Safety) & Fire Protection Funds budget request increase of \$ 1,655.7 from the FY18 OpBud.

Personal Services & Employee Benefits

Due to budget constraints from lower general fund appropriations statewide and PRC appropriated budget, it has limited the ability of the Commission to hire, and retain highly specialized qualified staff. PRC has applied a self-imposed vacancy rate: P611: 9.7 %, P612: 5.8%*, & P613: 6.4%.

Pipeline Department (In P612) was calculated at zero percentage vacancy due to federal requirements. Federal requirements for reimbursements are depended on the number of inspections. Federal revenue does not cover the total expenditures for this program in a FY. 11.3 authorized FTE positions in The Pipeline Department.



Capital Outlay Request

PRC has requested Capital Outlay for a project in Socorro at The Fire Firefighter Training Academy. Total request is \$ 2.9 million from the Fire Protection Fund.

2017 1st Special Session SB 8 – Public Utility Fee Fund (PUFF)

The PRC is seeking legislative authorization of a utility regulation revolving fund.

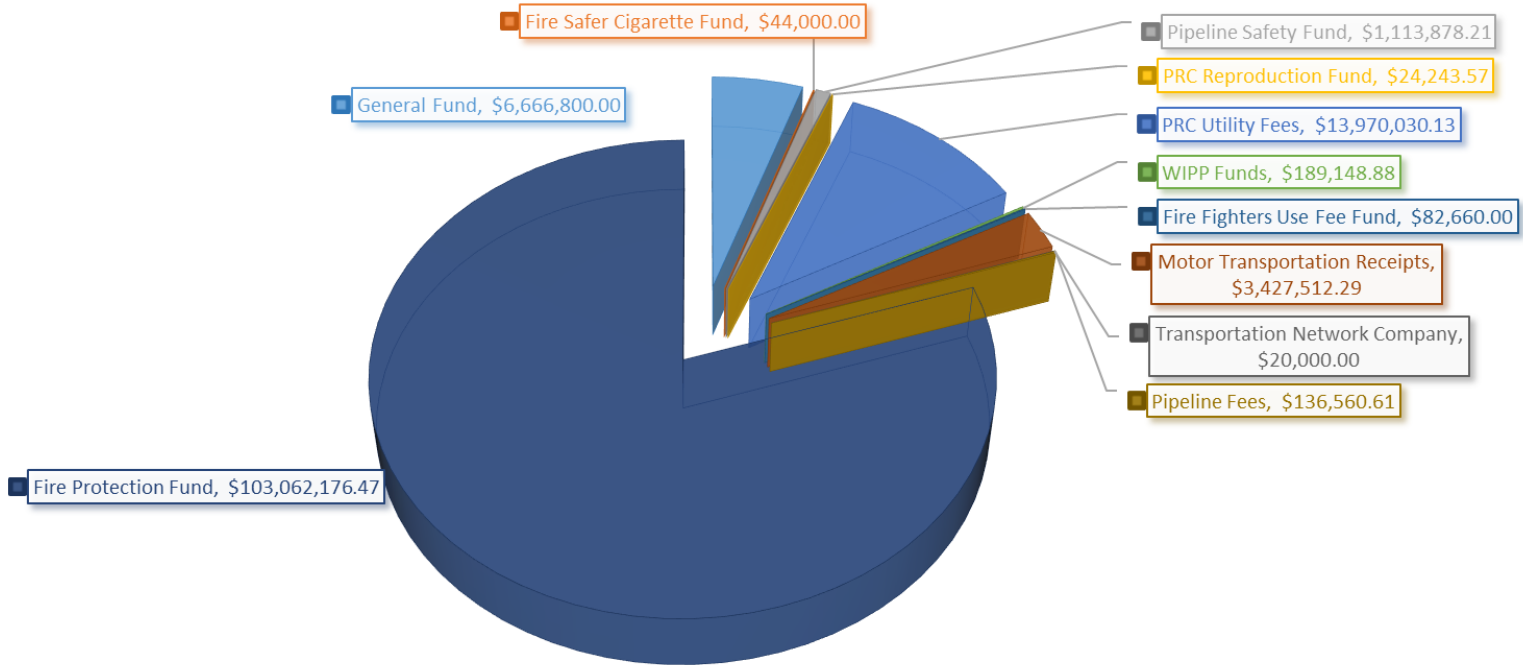
SB 8 relates to the regulation of public utilities and utility infrastructure– this bill will allow the PRC to impose administrative fees for reasonable and necessary expenditures that the PRC incurs for hearing applications for new rates, power plant certifications and abandonments, renewable energy and energy efficiency plans, and renewable energy and transmission facilities location approvals. The bill allows public utilities to recover fees from its rate payers.

The PRC is working under constrained capacity to meet statutory deadlines to issue decisions. Utility cases involve costs and infrastructure planning that are based on economic projections and financial forecasting extending 20+ years into the future. The drive to integrate more and different forms of energy is straining the grid and energy markets. The industry is undergoing fundamental transformation and consequently, the utilities, its consumers, energy-producing communities and advocacy groups are investing more resources in Commission proceedings. The decisions in these complex cases affect all New Mexicans and the utilities' ability to plan in a rapidly-changing business environment. Since these cases are more complex and controversial than in years past, it creates an increased work load on current employees. The total number of hours worked on analysis and litigation has increased. The current budget is insufficient for retaining and attracting professionals with subject-matter expertise and for training the professionals with promise and interest. This fund will help keep up with these increasing demands.



FY17 Revenue

FY17 REVENUE \$128,737,010.16





P R C



THANK YOU