

New Mexico Public Regulation Commission

LEGISLATIVE PRIORITIES, BUDGET AND STAFFING UPDATE

Water and Natural Resources Committee
Senator Liz Stefanics, Chair
Representative Matthew McQueen, Vice Chair

October 4, 2023



The Role of the NMPRC

The New Mexico Public Regulation Commission (NMPRC) regulates utilities, telecommunications, and motor carrier industries to ensure fair and reasonable rates, and to assure reasonable and adequate services to the public.

The new Commission is focused on creating professional, reliable and sophisticated regulation. Our main priority has been ensuring that the agency has sufficient expertise and resources to implement New Mexico's forward thinking energy legislation and leverage New Mexico's unique opportunities to take a leadership role in the nation.



Operating Structure of the PRC

- ▶ Commission: Commissioners sit as judges on regulatory matters, usually brought by utilities.
- ▶ Advisory Staff: Provides analysis, support and advice to Commissioners.
 - ▶ Hearing Examiners
 - ▶ Office of the General Counsel
 - ▶ Technical Advisors
- ▶ Advocacy Staff: Provides advocacy *in front* of the Commission.
 - ▶ Legal Division
 - ▶ Utilities Division
 - ▶ Pipeline Safety Bureau
- ▶ Operational Staff: Provides operational and administrative support to the whole agency.



Progress

- ▶ Decreased Vacancy Rates
 - ▶ January 1, 2023
 - ▶ 20% Vacancy Rate
 - ▶ October 1, 2023
 - ▶ 5% Vacancy Rate
 - ▶ Including Hard-to-Fill Positions like Chief General Counsel and Utility Engineers
- ▶ Proactive Regulation
 - ▶ 7 new potential rulemakings underway, including:
 - ▶ Reliability Standards
 - ▶ Grid Modernization
 - ▶ Regional Market Participation
 - ▶ Greenhouse Gas Emissions





FY 2025 Base Budget Request



FY25 Budget Goals

- ▶ Maintain low vacancy levels
- ▶ Build room for Agency-wide Professional Development
- ▶ Modernize the Agency
- ▶ Leverage Leadership Opportunities for New Mexico



FY 25 Budget Request – Agency Wide

(Dollars in thousands)

Description	FY24 OpBud	FY25 Request	Difference FY24 OpBud/ FY25 Request	% Increase/ Decrease Over FY24 OpBud
REVENUE:				
General Fund	\$12,507.6	\$12,141.1	-\$366.5	-2.9%
Other Transfers	\$0.0	\$0.0	\$0.0	0.0%
Federal Revenue	\$949.8	\$965.4	\$15.6	1.6%
Other Revenue	\$1,416.4	\$1,447.0	\$30.6	2.2%
Total Revenue	\$14,873.8	\$14,553.5	-\$320.3	-2.2%
EXPENDITURES:				
200 Personal Services & Employee Benefits	\$12,851.6	\$12,423.7	-\$427.9	-3.3%
300 Contractual Services	\$624.9	\$657.1	\$32.2	5.2%
400 Other Expenses	\$1,397.3	\$1,472.7	\$75.4	5.4%
Total Expenditures	\$14,873.8	\$14,553.5	-\$320.3	-2.2%
FTE	114.0	101.0		-12.9%

FY 25 Budget Request by Category

- ▶ 200's Category –
 - ▶ Budgeted at a 5% vacancy rate in Policy and Regulation (P-611) and a 1% vacancy rate in Program Support (P-613)
 - ▶ PRC is requesting an increase of \$715,400 or 6.1%
 - ▶ Based on current filled positions.

- ▶ 300's Category –
 - ▶ PRC is requesting an increase of \$32,200 or 5.2%
 - ▶ Targeted at allowing Commission to contract for support on discreet technical issues in high profile and complex cases.

- ▶ 400's Category –
 - ▶ PRC is requesting an increase of \$156,500 or 11.9%
 - ▶ Increase is to support additional training and associated travel costs as well as operational costs of the agency.





FY 2025 Expansion Request



Creation of Expansion Request

- ▶ Created a “wish list”
 - ▶ Contained 34 positions
 - ▶ 10 pipeline safety
 - ▶ 15 advisory staff
 - ▶ 6 advocacy staff
 - ▶ 3 other staff
- ▶ Decided on a “phased approach” - what do we need to expand our coverage now versus what we need to do perform at the highest level
 - ▶ FY25 seeking 24 positions: 10 Non-general fund + 14 General Fund
 - ▶ 10 pipeline safety
 - ▶ 8 advisory staff
 - ▶ 3 advocacy staff
 - ▶ 3 other staff
 - ▶ FY26 planned request
 - ▶ 7 Advisory Staff
 - ▶ 3 Advocacy Staff





FY 2025 Nonrecurring Appropriation Requests



Supplemental - Personnel Services and Employee Benefits

- ▶ \$844,400 General Fund
 - ▶ Due largely to increased market competition for hiring and success in filling positions.



Special - Costs associated with move to ERB building

- ▶ \$190,000 General Fund
- ▶ Includes:
 - ▶ Packing up and cleaning out Bokum Building, moving furniture to new building, reinstalling all items.
 - ▶ Costs for miscellaneous, furniture, IT and design expenses for the new building



Special - IT Modernization

- ▶ \$2,500,000 General Fund
- ▶ Estimated based upon responses to our RFI
- ▶ Goals:
 - ▶ E-Filing System
 - ▶ Case Management System
 - ▶ Document Management System



Special – PRC v DeAguero

- ▶ \$900,800 General fund to cover lost wages and attorney's fees (amount is subject to change by order of the court).
- ▶ GSD Risk Management Division will cover emotional distress award; PRC must cover all remaining costs related to awarded damages.



Special - Pipeline Safety Bureau Trucks

- ▶ \$400,000 Non-General Fund
 - ▶ 60% Federally Funded/40% Pipeline Safety Fee Fund
- ▶ For the purchase of 8 new trucks for requested expansion positions



Conclusion

- ▶ A 2017 report commissioned by the Legislative Council Service found that “While adequate resources do not guarantee good regulation, in their absence good regulation becomes improbable.”
- ▶ The NMPRC’s FY24 appropriation from the Legislature began to address the shortcomings and challenges noted in the 2017 report by providing resources to the new Commission to begin its work on a sound administrative, staffing and budget foundation.
- ▶ Long standing staffing issues are being strategically addressed, particularly in the Office of General Counsel, Utilities Division and Hearing Examiners, as well as through the creation of key positions for the agency such as advisory staff for the Commission and the Legislative Affairs Director.
- ▶ The NMPRC can and should be a model regulatory agency that protects New Mexico while engaging in smart regulation that supports economic development and New Mexico’s clean energy future. The NMPRC’s FY25 requests continue to build on the investment made by the state.





Questions

