

HOUSE GOVERNMENT AND URBAN AFFAIRS COMMITTEE SUBSTITUTE FOR  
HOUSE BILL 663

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

AN ACT

RELATING TO PUBLIC UTILITIES; ALLOWING CERTAIN PUBLIC UTILITIES  
TO MAKE RATE ADJUSTMENTS WITHOUT A HEARING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 62-8-7.1 NMSA 1978 (being Laws 1985,  
Chapter 221, Section 3, as amended) is amended to read:

"62-8-7.1. HEARING PROCEDURES FOR CHANGE OF RATES OF  
SMALL WATER AND SEWER UTILITIES. --

A. Whenever there is filed with the commission any  
schedule proposing any new [~~rate or~~] rates pursuant to Section  
62-8-7 NMSA 1978 by any public utility as defined in Paragraph  
(3) or (5) of Subsection G of Section 62-3-3 NMSA 1978 whose  
annual operating revenues averaged less than five hundred  
thousand dollars (\$500,000) over any consecutive [~~three-year~~]  
five-year period, the [~~rate or~~] rates shall become effective as

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1 proposed by the utility without a hearing; provided that the  
2 utility shall be required to give written notice of the  
3 proposed rates to the ratepayers receiving service from the  
4 utility at least sixty days prior to filing the proposed rate  
5 change with the commission and provided further that the  
6 commission shall enter upon a hearing concerning the  
7 reasonableness of any proposed rates filed by such a utility  
8 pursuant to Subsections C and D of Section 62-8-7 NMSA 1978  
9 when any rate increase would have the effect of increasing the  
10 [~~rate or~~] rates fifty percent or more in any twelve-month  
11 period or upon the filing with the commission of a protest  
12 seeking review of the proposed [~~rate or~~] rates signed by ten  
13 percent or more of the ratepayers receiving service from such a  
14 utility. For purposes of this section, each person who  
15 receives a separate bill equals one ratepayer and each person  
16 who receives multiple bills equals one ratepayer. The petition  
17 shall be signed by the person in whose name service is carried.  
18 The petition shall be filed no later than twenty days after the  
19 filing with the commission of the schedule proposing the new  
20 rates. In all other respects, Section 62-8-7 NMSA 1978 shall  
21 apply to such water utilities. If a utility provides both  
22 water and sewer service, the annual operating revenues  
23 attributable to the provision of water service only shall  
24 determine whether the procedures specified in this section  
25 shall apply to any schedule proposing any new [~~rate or~~] rates

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1 for water service, and the annual operating revenues  
 2 attributable to the provision of sewer service shall determine  
 3 whether the procedures specified in this section shall apply to  
 4 any schedule proposing any new [~~rate or~~] rates for sewer  
 5 service.

6 B. Whenever a schedule is filed with the commission  
 7 proposing a new rate pursuant to Section 62-8-7 NMSA 1978 by a  
 8 water or sewer public utility as defined in Paragraph (3) or  
 9 (5) of Subsection G of Section 62-3-3 NMSA 1978 whose annual  
 10 customer service connections average one thousand or less over  
 11 any consecutive three-year period, the rates provided in this  
 12 subsection shall be effective as proposed by the utility  
 13 without a hearing; provided that the utility has to give  
 14 written notice of the proposed rates to the ratepayers  
 15 receiving the service from the utility prior to filing the rate  
 16 change with the commission:

17 (1) ratepayer customer charges, commodity  
 18 prices and meter installation and miscellaneous approved fees  
 19 may be increased or decreased by the utility in proportion to  
 20 the increase or decrease in the federal department of labor  
 21 consumer price index, all urban consumers, all items, for the  
 22 periods since the last company rates were approved by the  
 23 commission and, in the same manner, annually thereafter;  
 24 provided that such rate adjustments are reported by the utility  
 25 to the commission within thirty days after the adjustments have

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1 been made by the utility;

2 (2) increased or decreased costs by increases  
3 or decreases in the approved commodity rate for ratepayers  
4 effective on the date the third-party increases were incurred  
5 for contractual increases in costs of purchased water from  
6 unaffiliated third parties, including water purchased for  
7 emergency outages due to infrastructure or aquifer failures;  
8 provided that such rate adjustments are reported by the utility  
9 to the commission within thirty days after the adjustments have  
10 been made by the utility; and

11 (3) increased or decreased costs of electric  
12 rates and associated fees by electric cooperatives or utilities  
13 for purchased power effective the date such increases or  
14 decreases are incurred by adjusting rates; provided that such  
15 rate adjustments are reported by the utility to the commission  
16 within thirty days after the adjustments have been made by the  
17 utility.

18 C. Whenever a schedule is filed with the commission  
19 proposing a new rate pursuant to Section 62-8-7 NMSA 1978 by a  
20 water or sewer public utility as defined in Paragraph (3) or  
21 (5) of Subsection G of Section 62-3-3 NMSA 1978 whose annual  
22 customer service connections average over any consecutive  
23 three-year period more than one thousand but less than five  
24 thousand, the rates provided in Subsection B of this section  
25 shall be effective as proposed by the utility without a hearing

1 only if the utility's average monthly billings in the  
2 immediately preceding three years are less than fifty percent  
3 greater than the average monthly billings for all water or  
4 sewer public utilities as defined in Subsection B of this  
5 section.

6 D. If within twenty days after notification of a  
7 proposed rate change pursuant to Subsection B of this section,  
8 a protest to the change signed by twenty-five percent or more  
9 of the ratepayers is filed with the commission, the change  
10 shall not go into effect without a hearing.

11 E. A rate change shall not go into effect without a  
12 hearing pursuant to Subsections B and C of this section if the  
13 percentage increase or decrease is more than eight percent per  
14 year."