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FISCAL IMPACT REPORT

SPONSOR: Cervantes DATE TYPED: 02/21/03 HB 663

SHORT TITLE: Hearings on Public Utility Rate Adjustments SB _____

ANALYST: Valenzuela

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	NFI				

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Senate Bill 597

SOURCES OF INFORMATION

Legislative Finance Committee files

Responses Received From

Energy, Minerals and Natural Resources Department (EMNRD)

Department of Environment (NMED)

SUMMARY

Synopsis of Bill

House Bill 663 amends NMSA 1978, Section 62-8-7.1 to allow for certain public utilities to make rate adjustments without a hearing. Certain public utilities are defined as those public utilities whose annual operating reserves averaged less than \$500,000 over any consecutive three-year period. The rates of these utilities would become effective upon filing of rates with the Commission, without a hearing, provided the utility shall provide written notice to ratepayers at least sixty days prior to filing of the rates.

Significant Issues

Several regulated utilities have testified to the LFC and other legislative committees about the length of time that it takes the PRC to act on and complete docketed cases. Water utilities in par-

ticular have been concerned about having to go through a full rate case when requesting only a nominal increase in rates such as an inflationary increase. Further, these utilities have requested increases where ratepayers have no objection but have not been able to receive an expedited decision. An added concern is that the water utilities incur technical and legal costs in each rate case, which ultimately get passed on to the consumer. This bill recognizes that where the requested fee increase is minimal and uncontested, the rate case should be expedited.

FISCAL IMPLICATIONS

House Bill 663 does not contain an appropriation.

The LFC has recommended several performance measures with targets to focus attention on this issue of timeliness. These measures are shown below:

- Percent reduction in average number of days to complete a water utility rate case: 25%
- Average number of days to complete a water utility rate case: 194.4 days
- Percent reduction in the number of water utility rate cases on the PRC docket: 25%
- Percent reduction in the number of docketed cases before the PRC: 25%

Improving the number of cases going through the PRC could actually make available more resources for larger more complex cases.

MFV/prr:yr