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## FISCAL IMPACT REPORT

SPONSOR Gonzales ORIGINAL DATE 2/15/11 HB HM 22  
LAST UPDATED \_\_\_\_\_ SB \_\_\_\_\_  
SHORT TITLE PRC Investigation On Natural Gas Service Loss SB \_\_\_\_\_  
ANALYST Kleats

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		NFI		NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From  
Public Regulation Commission (PRC)

Responses Not Received From  
Attorney General's Office (AGO)

### SUMMARY

#### Synopsis of Bill

House Memorial 22 requests the Public Regulation Commission convene a task force to investigate the causes of the disruption and loss of natural gas service in early February 2011, make recommendations for preventing future service interruptions, and determine whether additional state or federal legislation is need to carry out those recommendations.

HM 22 requests the task force report its findings to the governor and the appropriate legislative interim committee by August 1, 2011.

### FISCAL IMPLICATIONS

HM 22 carries no fiscal impact.

### ADMINISTRATIVE IMPLICATIONS

According to the PRC, it has already commenced an investigation into the service loss of February 2011. The PRC notes that HM 22 would expand the scope of participation to other

interested parties and agencies. It expects minimal administrative effort would be needed to provide additional notification and coordination for an expanded task force.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

HM 22 duplicates Senate Memorial 30.

HB 22 relates to Senate Joint Memorial 20, House Bill 452 and House Bill 473. SJM 20 requests a legislative investigation by an appropriate interim committee. HB 452 would create a multi-agency task force with a focus on emergency preparedness and communication. HB 473 directs the PRC to develop reliability standards and penalties for failing to meet those standards.

**OTHER SUBSTANTIVE ISSUES**

Nearly thirty thousand residents of the state lost access to natural gas service in early February of 2011. This loss of service endangered lives during a period of record low temperatures in New Mexico and has resulted in millions of dollars worth of damage due to burst water pipes and loss of business.

The New Mexico Gas Company was unable to import enough natural gas to meet demand due to the shutdown of several compressors on the transmission lines in Texas. An electricity shortage throughout Texas contributed to the shutdown of the compressors which illustrates New Mexico's reliance on a regional energy framework.

The PRC is granted sole and exclusive power to regulate public utilities and natural gas transmission lines in the state. The PRC is also authorized to regulate the transportation of natural gas as may be necessary to safeguard deliverability and operational efficiency and to prevent undue hardship and anticompetitive conduct by a public utility.

IK/bym