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HOUSE BILL 140

52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016

INTRODUCED BY

Larry A. Larrañaga

AN ACT

RELATING TO PUBLIC UTILITIES; ENACTING THE UTILITY
INFRASTRUCTURE EXPANSION ACT; REQUIRING THE PUBLIC REGULATION
COMMISSION TO ADOPT RULES TO PROVIDE FOR A NATURAL GAS PUBLIC
UTILITY TO EXPAND ITS INFRASTRUCTURE; PROVIDING FOR RECOVERY OF
COSTS ASSOCIATED WITH THE UTILITY'S INFRASTRUCTURE EXPANSION;
DECLARING AN EMERGENCY.

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

SECTION 1. [NEW MATERIAL] SHORT TITLE.--This act may be
cited as the "Utility Infrastructure Expansion Act".

SECTION 2. [NEW MATERIAL] FINDINGS.--The legislature
finds that the expansion of a natural gas public utility's gas
infrastructure in the state:

A. promotes economic development by providing
natural gas service to unserved and underserved areas;

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1 B. allows a natural gas public utility to attract
2 and retain residential and business customers; and

3 C. encourages new and diverse businesses and
4 industries that rely on natural gas to expand their New Mexico
5 businesses or to begin operations in New Mexico.

6 **SECTION 3. [NEW MATERIAL] DEFINITIONS.--**As used in the
7 Utility Infrastructure Expansion Act:

8 A. "commission" means the public regulation
9 commission;

10 B. "direct benefits" means benefits received by
11 those natural gas public utility customers who are specifically
12 targeted to be served by a gas infrastructure expansion
13 activity, that are quantifiable to the extent possible and that
14 may include:

15 (1) economic benefits;

16 (2) environmental benefits;

17 (3) operational efficiencies; or

18 (4) enhanced reliability of service;

19 C. "gas infrastructure" means infrastructure used
20 in the delivery or supply of natural gas and includes
21 facilities for the storage, distribution and transmission of
22 compressed natural gas and liquefied natural gas;

23 D. "gas infrastructure expansion activity" means
24 the expansion, improvement or construction of gas
25 infrastructure pursuant to the Utility Infrastructure Expansion

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1 Act;

2 E. "gas infrastructure expansion application" means
3 an application filed with the commission by a natural gas
4 public utility in which the applicant seeks approval of:

- 5 (1) a gas infrastructure expansion activity;
- 6 (2) a method of recovery of gas infrastructure
7 expansion costs, including revenue requirements;
- 8 (3) gas infrastructure expansion rates; and
- 9 (4) a proposed rate recovery method;

10 F. "gas infrastructure expansion costs" means all
11 prudent and reasonable costs incurred by a natural gas public
12 utility to conduct a gas infrastructure expansion activity;

13 G. "gas infrastructure expansion rates" means the
14 rates approved by the commission for the purpose of collecting
15 revenue requirements associated with gas infrastructure
16 expansion costs;

17 H. "indirect benefits" means benefits received by
18 those natural gas public utility customers who are not
19 specifically targeted to be served by a gas infrastructure
20 expansion activity, that are quantifiable to the extent
21 possible and that may include:

- 22 (1) economic benefits;
- 23 (2) environmental benefits;
- 24 (3) operational efficiencies; or
- 25 (4) enhanced reliability of service;

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1 I. "natural gas public utility" means a public
2 utility that purchases natural gas for resale; and

3 J. "revenue requirements" means the costs of a
4 natural gas public utility's investment in a gas infrastructure
5 expansion activity and a return of and a return on that
6 investment.

7 SECTION 4. [NEW MATERIAL] RULES.--

8 A. Within one hundred eighty days from the
9 effective date of the Utility Infrastructure Expansion Act, the
10 commission shall promulgate rules to implement the provisions
11 of that act. The rules shall include a process by which a
12 natural gas public utility may submit a gas infrastructure
13 expansion application.

14 B. The commission's rules shall provide that upon
15 approval of a gas infrastructure expansion application, a
16 natural gas public utility is allowed to recover its gas
17 infrastructure expansion costs, including revenue requirements,
18 through the development of alternative cost-recovery
19 methodologies that shall balance the interests of customers who
20 receive direct benefits and customers who receive indirect
21 benefits from a gas infrastructure expansion activity.

22 SECTION 5. [NEW MATERIAL] COMMISSION ACTION ON GAS
23 INFRASTRUCTURE EXPANSION APPLICATIONS.--If the commission does
24 not approve a gas infrastructure expansion application, as
25 submitted by a natural gas public utility, within one hundred

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1 eighty days from the date it is filed, the application shall be
2 deemed to have expired.

3 SECTION 6. EMERGENCY.--It is necessary for the public
4 peace, health and safety that this act take effect immediately.

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