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FISCAL IMPACT REPORT

ORIGINAL DATE

SPONSOR Romero, A./ Rubio **LAST UPDATED** _____ **HM** 20

SHORT TITLE Study State-Level Public Utility Model **SB** _____

ANALYST Dick-Peddie

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY22	FY23	FY24	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$0.0	\$0.0-\$600.0	0.0	\$0.0-\$600.0	Nonrecurring	*See Fiscal Implications

(Parenthesis () Indicate Expenditure Decreases)

Duplicates, SM 10 Study State-Level Public Utility Model Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Public Regulation Commission (PRC)

Attorney General's Office (NMAG)

SUMMARY

Synopsis of Bill

House Memorial 20 (HM20) proposes the Legislative Council Service (LCS), in conjunction with the Public Regulation Commission (PRC), investigate if public power ownership for New Mexico would result in a net public benefit. The memorial also directs LCS and PRC to conduct and oversee a study to determine the public, ratepayer, environmental, economic benefits and, technical feasibility of a state-level public utility model for New Mexico.

HM20 requires progress of the study be reported to the Legislative Finance Committee, the interim committee that hears topics related to water and natural resources and the interim committee that hears topics related to economic development and policy. The study should identify best practices and define best pathways for implementation, as well as develop recommendations for a reconstituted energy supply system in the state based on a public power model and a new regulatory framework for the public regulation commission to guide the implementation of the new system.

Copies of the memorial shall be transmitted to the co-chairs of Legislative Council, the chair of PRC and the chair of the Legislative Finance Committee.

There is no effective date of this bill. It is assumed that the effective date is 90 days following adjournment of the Legislature.

FISCAL IMPLICATIONS

There is no appropriation contained in the memorial. PRC requested a quote from a consulting firm to conduct a study in compliance with the memorial, and received an estimate of \$500-\$600 thousand, which the PRC reports it does not have the operational resources to support. However, it appears LCS would procure the study. Because it is unclear if the LCS would have available fund balances to fund the study or if an additional general fund appropriation would be needed, the Additional Operating Fund Table reflects \$0-\$600 thousand.

SIGNIFICANT ISSUES

PRC noted in its agency analysis the memorial does not outline roles for LCS and PRC, and therefore it is unclear which entity has authority to make controlling decisions should disagreements arise. PRC further noted that the proposed deadline of December 1, 2022, is approximately a month before the PRC is set to transition to an appointed committee, and procuring a firm to conduct the study could be a lengthy process.

The PRC notes concerns regarding pending cases and reporting requirements further:

Pending before it, in NMPRC Docket No. 21-00309-UT, a petition concerning a proposed study of public power. Following discussion of the petition at an NMPRC open meeting between Commissioners and representatives of the petitioners, (1) the petitioners were seeking only a limited level of participation in the proposed study from the Commission and (2) the petitioners were, in the alternative, seeking passage of a Joint Memorial. This was reiterated in a filing with the Commission in the docket, on January 24, 2022, by the petitioners, which states the petitioners' expectation that the Commission would be a "custodian" of a study conducted by a consulting firm, which would be funded from private donations. However, it appears that the Joint Memorial envisions a far more substantial role for the NMPRC in the proposed study and may conflict with the Petition filed before the Commission.

[T]he NMPRC notes that the Memorial would have the NMPRC "and other stakeholders" reporting to the LFC and the interim committees. This would be an unusual role for the NMPRC as it would appear to require the NMPRC to report to the Legislature alongside utilities that the NMPRC regulates. The NMPRC adjudicates matters to which the utilities are parties and issues regulations to which the utilities are subject.