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FISCAL IMPACT REPORT

SPONSOR:	Lujan	DATE TYPED:	02/15/00	HB	368/aHBIC
SHORT TITLE:	Electric Generation/Transmission Cooperatives			SB	
				ANALYST:	Valenzuela

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
		NFI			

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Public Regulation Commission (PRC)

SUMMARY

Synopsis of HBIC Amendment

The House Business and Industry Committee (HBIC) amendment to House Bill 386 inserts a limited rate regulatory framework into the bill. The essence of the framework is that consumer-owned utility cooperatives would be required to submit an "advice notice" to the Public Regulation Commission (PRC) and to all member utilities, which detail a proposed rate structure. Additionally, the amendment outlines the procedure for member utilities to protest another member utility's rate structure and sets criteria to be met before the PRC intervenes to establish a rate structure for a consumer-owned public utility. Generally, the amendment encourages member utilities to work out their differences before bringing the issue to the PRC, and it also requires a minimum of three member utilities to protest before PRC will take action.

Synopsis of Bill

House Bill 368 proposes amendments to Section 62-6-4 of the Public Utility Act. The amendments would remove from regulation of rates, service, securities and diversification activities of generation and transmission cooperatives as defined by the Electric Utility Industry Restructuring Act of 1999.

Significant Issues

New Mexico is one of only eight states, which regulate the rates and services of member-owned generation and transmission electric cooperatives. The principal provider of electric services in rural New Mexico is Plains Electric Generation and Transmission Cooperative, which is a not-for-profit member-owned provider. Plains is currently in the process of merging with Tri-state Generation and Transmission Association, who currently operates in three neighboring states. These states do not regulate rates and services for Tri-state.

FISCAL IMPLICATIONS

House Bill 368 does not contain an appropriation and would not have an additional impact. In fact, removing generation and transmission cooperatives would reduce the workload for the Public Regulation Commission.

MFV/gm