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FISCAL IMPACT REPORT

ORIGINAL DATE 02/15/11

SPONSOR Dodge LAST UPDATED _____ HB 215

SHORT TITLE Implementation of Utility Rates w/o Hearing SB _____

ANALYST Lucero

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Regulation Commission (PRC)

SUMMARY

Synopsis of Bill

House Bill 215 amends the Public Utility Act, Section 62-8-7 NMSA 1978, to allow a foreign electric distribution cooperative to implement new rates without a hearing before the New Mexico Public Regulation Commission (PRC).

The bill also provides that such an expedited process would not apply if the foreign distribution cooperative proposes higher rates for its New Mexico customers than those in its home state.

FISCAL IMPLICATIONS

None

SIGNIFICANT ISSUES

The bill adds the phrase “or foreign distribution cooperative” to current statute governing rate filings by rural electric cooperatives, providing that a hearing is only required upon a protest by a percentage of customers and if the PRC determines that there is just cause to review the rates on one or more of the grounds raised in the protest.

PERFORMANCE IMPLICATIONS

Currently foreign cooperatives are treated like investor owned utilities, who must therefore file a complete cost of service case, subject to hearing, for any proposed rate increase. This bill would treat all rural electric cooperatives equally.

ADMINISTRATIVE IMPLICATIONS

This bill would greatly simplify commission treatment for companies who typically have only a small minority of their customers in New Mexico. Expedited rate cases without a hearing before the PRC could reduce the caseload of the commission.

TECHNICAL ISSUES

The bill defines “foreign distribution cooperative;” and rewrites the provision for protest and hearing in a way that is clearer grammatically, without changing the substance.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status Quo. Foreign cooperatives will continue to be required to file full rate cases, at an increased cost to their customer/members, duplicating filings already made in the home state.

DL/mew