

LFC Requester:

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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO****[AgencyAnalysis.nmlegis.gov](https://agencyanalysis.nmlegis.gov) and email to billanalysis@dfa.nm.gov*****(Analysis must be uploaded as a PDF)*****SECTION I: GENERAL INFORMATION***{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}***Date Prepared:** 2/11/2025*Check all that apply:***Bill Number:** HB 91 aOriginal ☐ Correction ☐Amendment ☒ Substitute ☐**Sponsor:** Reps. Ortiz & Roybal
Caballero**Agency Name
and Code
Number:**430 – Public Regulation
Commission**Short
Title:** Public Utility Rate Structures**Person Writing** Judith Amer**Phone:** (505)490-2696 **Email** jerri.mares@prc.nm.gov**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act:

SECTION III: NARRATIVE

BILL SUMMARY

Original Synopsis:

HB 91 introduces amendments to Section 62-8-6 NMSA 1978, to change rate structures for public utilities in New Mexico. The proposed amendments would break out in lettered subsections some existing and some new exceptions to the prohibition against discriminatory ratemaking as follows: A) economic development rates; B) rates designed to retain load; C) rates that reduce energy costs on low-income customers; D) rates designed to reduce or eliminate customer arrears or improve payment frequency; and E) energy efficiency programs targeting low-income customers under the Efficient Use of Energy Act.

Subsections C and D are the proposed new additions to Section 62-8-6. Subsection C seeks to reduce the burden of energy costs on low-income customers. In essence, these proposed amendments to Section 62-8-6 eliminate the statute's prohibition against discriminatory ratemaking to allow a subclass of ratepayers, those who are deemed low-income, to receive service through a special rate. Subsection D seeks to decrease or eliminate "participating customers" arrears or increase the frequency of "participating customers" payments via participation in unspecified "programs" and pertains to rates designed to reduce the burden of energy costs on low-income customers.

The proposed amendments authorize a public utility to seek approval from the NMPRC for a rate structure that subsidizes participating low-income customers and allow the NMPRC to approve utility rates that create a 'preference or advantage' for those customers.

Government, Elections & Indian Affairs Committee Amendment

The Amendment adds the phrase "and programs" to Subsection C so that it now reads: "C. rates **and programs** designed to reduce the burden of energy costs on low-income customers;" .

The Amendment deletes the proposed Subsection D in its entirety and reletters the succeeding subsection accordingly.

FISCAL IMPLICATIONS

N/A

SIGNIFICANT ISSUES

Original Analysis

HB 91 does not define the term "participating customer" and therefore is not specific as to which customers it applies to. HB 91 implies this means low-income customers, but that term is also undefined.

As a result of HB 91, proposed new rate structures can be expected to result in a redistribution of costs among and within customer classes which will result in higher rates for non low-income customers. Ratepayer subsidization of low-income customers has historically been contrary to

long established principles of fair, just and reasonable ratemaking and cost causation (i.e. rates are based upon and levied upon the customer that causes the utility's costs, not upon the income status of the customer). While low-income customers may benefit, there are equity concerns since the costs of subsidizing these rates will be redistributed to other non low-income ratepayers. This may be exacerbated for utilities that serve predominantly low-income areas.

All programs targeting low-income customers require accurate customer income data to verify eligibility.

Government, Elections & Indian Affairs Committee Amendment

The word "programs" is not defined but implies that programs offered by utilities would be permitted to favor low-income customers.

Eliminating Subsection D resolves the concern that "participating customer" wasn't defined.

PERFORMANCE IMPLICATIONS

None

ADMINISTRATIVE IMPLICATIONS

None.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None

TECHNICAL ISSUES

Original Analysis

A definition of "participating customers" and "low-income" should be added for clarification.

Government, Elections & Indian Affairs Committee Amendment

The Amendment eliminates the term " participating customer" which was in the deleted Subsection D. Therefore, the term no longer needs to be defined.

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo.

AMENDMENTS

None.