

LFC Requester:

Laird Graeser

**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](mailto: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:** 2/15/2025*Check all that apply:***Bill Number:** SB 143 aOriginal ☐ Correction ☐Amendment ☒ Substitute ☐**Sponsor:** Sen. George K. Muñoz  
Sen. Benny Shendo, Jr.  
Rep. Meredith A. Dixon**Agency Name  
and Code  
Number:**430 – Public Regulation  
Commission**Short** CREATE UTILITY**Person Writing** Scott Cameron**Title:** OVERSIGHT FUND**Phone:** (505)490-2696 **Email** jerri.mares@prc.nm.gov**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

| Appropriation |      | Recurring<br>or Nonrecurring | Fund<br>Affected |
|---------------|------|------------------------------|------------------|
| FY25          | FY26 |                              |                  |
|               |      |                              |                  |
|               |      |                              |                  |

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

| Estimated Revenue |      |      | Recurring<br>or<br>Nonrecurring | Fund<br>Affected |
|-------------------|------|------|---------------------------------|------------------|
| FY25              | FY26 | FY27 |                                 |                  |
|                   |      |      |                                 |                  |
|                   |      |      |                                 |                  |

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

|              | FY25 | FY26 | FY27 | 3 Year<br>Total Cost | Recurring or<br>Nonrecurring | Fund<br>Affected |
|--------------|------|------|------|----------------------|------------------------------|------------------|
| <b>Total</b> |      |      |      |                      |                              |                  |

(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**

##### **Synopsis:**

Senate Bill 143 is summarized as follows:

1. Creation of the Utility Oversight Fund
  - Establishes a "utility oversight fund" in the state treasury.
  - This fund consists of fees collected under specific New Mexico statutes, as well as appropriations, voluntary contributions and investment earnings.
  - Balances in the fund will not revert to the general fund at the end of a fiscal year and is subject to approval by the legislature.
2. Inspection and Supervision Fee
  - Sets the fee for regulation of utility rates or service to 0.59% (.0059) of gross receipts for prior calendar year, payable by the last day of April in each year.
  - Prior to July 31, 2031, adjustments to this fee may be made annually based on the employment cost index for state and local government, published by the federal bureau of labor statistics.
3. Fee Enforcement
  - Late payments incur a 15% annual interest rate and a 2% penalty fee.
  - Transfers responsibility for collecting unpaid fees, interest, and penalties from the attorney general to the PRC.
4. Filing Fees
  - The commission collects filing fees which include \$1.00 for filing rate schedules or amendments; \$25 for applications, petitions, or complaints; copy fees set by the commission; and \$2 for certified copies.
  - These filing fees may be increased by the commission by administrative rule in amounts that do not exceed the cost of administrative proceedings.
5. Penalties for Violations
  - Amends Section 62-14-8 NMSA that deals with penalties related to excavation damage to pipelines and underground utility lines.
  - The penalties are deposited in the current school fund.
6. Inspection Fees for Telephone and Transmission Companies
  - Amends Section 63-7-20 NMSA 1978 to align fees, adjustments, late fees and penalties for telecom carriers with those applicable to public utilities as specified in (2) and (3) above.

## 7. Use of Funds

- Proceeds from fees, penalties, and licenses collected from public utilities and telephone and transmission companies are deposited with the state treasurer and credited to the utility oversight fund.

## 8. Pipeline Licensing

- Defines fees for pipeline operators transporting crude oil, natural gas, or their derivatives. These include both base fees and tiered fees based on factors such as installed horsepower or pipeline mileage and diameter.
- Pipeline fees shall be paid to the state treasurer and credited to the utility oversight fund.

### Senate Tax, Business & Transportation Committee Amendment

In Section 1, the Amendment deletes language that allows fees collected via a utility inspection and service fee payable to the Commission, all other fees, penalties and interest collected under the provisions of the Public Utility Act (PUA), and a supervision and inspection fee paid directly to the State by telecom utilities.

In Section 3 of the Amendment, fees remitted to the state treasurer would no longer be credited to the utility oversight fund.

The Amendment removes Section 7 of the Bill.

Section 8 of the Bill removes reference to license fees being credited to the utility oversight fund.

### **FISCAL IMPLICATIONS**

SB 143 increases the inspection and supervision fee from 0.506% to 0.59% of gross receipts for regulated utilities and 0.511% to 0.59% for regulated telecommunication utilities. The revenue will be credited to the newly created Utility Oversight Fund, ensuring the PRC has the financial resources to support the agency's operating budget and its growing regulatory activities. The fee can also be adjusted annually (until July 1, 2031) based on the employment cost index, ensuring revenues keep pace with inflation. The PRC will now handle fee enforcement with the potential for higher collection fees for unpaid fees. This will allow the PRC to be a self-sustaining agency, relying on regulatory fees rather than state general fund appropriations.

Below is a fee comparison between the fees collected in FY24 at the current rates vs. the projected fees to be collected with the updated rate.

|                | <b>Fees Collected in FY24<br/>at current rates</b> |              | <b>Projected Fee's to be<br/>collected at 0.59%</b> |               |
|----------------|--|--------------|---|---------------|
| Electric IOUs  | \$   | 9,542,302.00 | \$  | 11,126,400.00 |
| Gas IOUs       | \$   | 2,733,748.00 | \$  | 3,187,572.00  |
| Electric Coops | \$   | 2,084,752.00 | \$  | 2,430,837.00  |
| Telecom        | \$   | 1,264,596.00 | \$  | 1,460,101.00  |

|                 |    |               |    |               |
|-----------------|----|---------------|----|---------------|
| Water Utilities | \$ | 134,648.00    | \$ | 157,001.00    |
| Total           | \$ | 15,770,870.00 | \$ | 18,361,911.00 |

## **SIGNIFICANT ISSUES**

None.

## **PERFORMANCE IMPLICATIONS**

The creation of the Utility Oversight Fund will provide the PRC with the financial resources necessary to support its operating budget and ensure it is properly funded to meet the increasing demands of electrification and utility regulation.

### Senate Tax, Business & Transportation Committee Amendment

With the changes proposed by the Amendment, the size of the utility oversight fund will likely be significantly decreased and will now consist solely of and be dependent on appropriations, gifts, grants, donations, and earnings on investment of the fund. As such, the ability of the PRC to meet the needs and demands of increased electrification and utility regulation will be limited to its operating budget.

## **ADMINISTRATIVE IMPLICATIONS**

None.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

None.

## **TECHNICAL ISSUES**

None.

## **OTHER SUBSTANTIVE ISSUES**

None.

## **ALTERNATIVES**

None.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Status quo.

## **AMENDMENTS**

None.