

FORTY-FIFTH LEGISLATURE
FIRST SESSION, 2001

SB 266/a

February 13, 2001

Mr. President:

Your COMMITTEE OF THE WHOLE, to whom has been referred

SENATE BILL 266, as amended

has had it under consideration and reports same with recommendation that it DO PASS, amended as follows:

1. On page 3, line 2, strike the end quotation mark.
2. On page 3, between lines 2 and 3, insert the following subsection to read:

"E. No later than July 1, 2001, the commission shall approve an application for creation of a holding company filed by a public utility prior to January 1, 2001, as part of a transition plan, subject to such terms and conditions as are in the public interest. The formation of a holding company under this subsection shall not result in any loss of commission jurisdiction over corporate allocations or over any costs that are charged to ratepayers. This subsection is not subject to Subsection D of Section 62-3A-4 NMSA 1978. "".

3. On page 10, line 16, after the period insert the following:

"If a public utility is indebted on pollution control revenue or revenue refunding bonds issued prior to January 1, 2001 and maturing after October 1, 2016, all of the corporations surviving or created by the separation which retained or acquired generation and power supply facilities or transmission or distribution facilities shall be liable for payment of the interest and principal of the bonds, either by direct obligation or by guarantee of that obligation. The commission shall impute a cost of capital and capital structure to the transmission and distribution utility that reflects the direct obligation or guarantee of the transmission and distribution utility. If the utility is directly obligated, one hundred percent of the bonds will be imputed. If the utility guarantees the

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obligation, fifty percent of the bonds shall be imputed."

4. On page 11, after the period, insert the following:

"Until corporate separation is implemented, a public utility may invest in, construct, acquire or operate a generating plant that is not intended to provide retail electric service to New Mexico customers, the cost of which is not included in retail rates and which business activities shall not be subject to regulation by the commission pursuant to the Public Utility Act, except as provided by Section 62-9-3 NMSA 1978. Nothing herein shall diminish a public utility's obligation to serve its retail load by the prudent acquisition of resources at a cost of service no higher than the average book cost plus fuel, other operating and maintenance costs and the utility's authorized rate of return on investment of the utility's unregulated generation constructed or acquired after January 1, 2001. The commission shall assure that the regulated business is appropriately credited for any off-system sales made from regulated assets."

5. On page 26, line 7, before the second occurrence of "TAX" insert "COAL DECOMMISSIONING--".

6. On page 26, between lines 18 and 19, insert the following subsection to read:

"C. Upon application by a public utility, the commission shall authorize the public utility to begin amortizing the unrecovered costs of decommissioning mines serving coal-fired generating plants, with amortization beginning on January 1, 2002 and ending December 31, 2006. The commission's order authorizing the amortization shall establish a separate nonbypassable wires charge for the decommissioning cost in the public utility's tariffs, which does not have to be separately shown on customer bills, and which shall not change the total rates for electric service paid by any customer in effect at the time of the order. Nothing in this subsection shall prevent the commission from determining stranded

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costs in accordance with the Electric Utility Industry Restructuring Act of 1999 or the appropriate manner or duration of recovery of reasonable unamortized costs of this decommissioning in any subsequent rate proceeding. "

7. Reletter the succeeding subsections accordingly.

8. On page 27, after line 16, insert the following new section to read:

"Section 11. COMMISSION REPORT. --No later than December 15, 2002, the commission shall report to the legislature regarding the state of electricity markets in the western United States together with its recommendations regarding open access and customer choice in New Mexico. "

The roll call vote on Amendment Nos. 1, 2, 4, 5, 6, 7 and 8 was 34
For 5 Against.

Yes: 34

No: Carraro, Feldman, McSorley, Smith, Tsosie

Excused: Adair, Lopez, Pinto

Absent: none

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Respectfully submitted,

Richard M. Romero, Chairman

Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 41 For 0 Against

Yes: 41

No: 0

Excused: Lopez

Absent: none

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