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SENATE MEMORIAL 30

45TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2001

INTRODUCED BY

Phil A. Griego

A MEMORIAL

**REQUESTING THE NEW MEXICO LEGISLATIVE COUNCIL TO DIRECT THE
APPROPRIATE INTERIM COMMITTEE TO STUDY COMPETITION BETWEEN
RURAL ELECTRIC COOPERATIVES AND PROPANE GAS DISTRIBUTORS,
DETERMINE ANY NEED FOR COMPARABLE TAXATION AND REGULATION AND
DEVELOP ANY NECESSARY REMEDIAL LEGISLATION.**

**WHEREAS, rural electric cooperatives, organized as not-
for-profit corporations owned and governed by their member-
consumers to whom revenues in excess of costs are subject to
refund, provide electric service in many areas of New Mexico,
and some are exploring providing other services as requested by
their members, one cooperative having commenced selling propane
gas in northern New Mexico, as rural electric cooperatives are
currently authorized to do pursuant to the Rural Electric
Cooperative Act; and**

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1 WHEREAS, some propane gas distributors, organized as sole
2 proprietorships, general partnerships, limited partnerships,
3 joint ventures and for-profit corporations, the profits of
4 which are not returnable to their consumers unless they are
5 also owners, have objected to rural electric cooperatives
6 selling propane gas in competition with them and contend that
7 rural electric cooperatives have more favorable tax treatment
8 and financing; and

9 WHEREAS, rural electric cooperatives deny there is
10 subsidization, contend they are responding to the membership's
11 demand and point to subsidies allegedly favoring propane gas
12 distributors; and

13 WHEREAS, there appears there may be developing a
14 concentration of control within the propane gas industry where
15 there are fewer independent distributors in New Mexico, and
16 there are complaints concerning the service and pricing of some
17 propane gas distributors, leading some to contend that their
18 transfer of control, service and pricing should be subject to
19 regulation like that controlling similar activities of rural
20 electric cooperatives; and

21 WHEREAS, there is a need to develop more information so
22 that an informed decision can be reached concerning any lack of
23 parity affecting the consumer interest and any need for more or
24 less regulation or taxation in order to protect consumers;

25 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF THE STATE

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1 OF NEW MEXICO that the New Mexico legislative council be
2 requested to direct the appropriate interim committee to study
3 competition between rural electric cooperatives and propane gas
4 distributors, determine any need for comparable taxation and
5 regulation and develop any remedial legislation affecting their
6 taxation and regulation; and

7 BE IT FURTHER RESOLVED that the committee report its
8 findings to the New Mexico legislative council by January 1,
9 2002; and

10 BE IT FURTHER RESOLVED that copies of this memorial be
11 transmitted to the New Mexico legislative council.