

LFC Requester:	Julisa Rodriquez
-----------------------	------------------

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

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: 1/29/2025 *Check all that apply:*
Bill Number: SB 143 Original Correction
 Amendment Substitute

Sponsor:	Sen. George K. Muñoz	Agency Name and Code Number:	430 – Public Regulation
	Sen. Benny Shendo, Jr.		Commission
Short Title:	<u>Rep. Meredith A. Dixon</u>	Person Writing	<u>Ed Rilkoff</u>
	<u>CREATE UTILITY</u>	Phone:	<u>(505)490-2696</u>
	<u>OVERSIGHT FUND</u>	Email	<u>jerri.mares@prc.nm.gov</u>

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

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.

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.

	Fees Collected in FY24 at current rates	Projected Fee's to be collected at 0.59%
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.

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.