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FISCAL IMPACT REPORT

SPONSOR: Payne DATE TYPED: 03/13/01 HB _____
 SHORT TITLE: Utility Right-of-Way SB 452/aSfI#1
 ANALYST: Wilson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Public Regulation Commission (PRC)

SUMMARY

Synopsis of SF1 #1 Amendment

SB 452/aSFL#1 eliminates the section requiring that the application for a Certificate of Convenience and Necessity be separated from the location permitting process which must be completed within six months. The amendment also gives the Public Regulation Commission (PRC) the ability to extend the time for granting approval for a transmission line for an additional ten months if it determines that they need the additional time to determine if the proposed line will unduly impair important environmental values. Furthermore the PRC may condition its approval upon a demonstration by the applicant that it has received all necessary air and water quality permits.

Synopsis of Bill

SB 452 requires that the PRC approve or deny applications for location approval and right-of-way width determinations of certain transmission and generation facilities proposed to be built in New Mexico within six months. If the PRC does not issue an order within six months, the applications would be deemed approved.

Significant Issues

The PRC says that SB 452 may not allow regulated public utility certificate of public convenience and necessity applications to receive the same scrutiny they currently receive and this will negatively affect the public interest. The generating facilities involved are very large and cost hundreds of millions of dollars with considerable rate impact. Due process rights of interveners may also be negatively impacted.

The PRC notes that SB 452 also includes the Certificate of Convenience and Necessity (CCN) process which only applies to regulated public utilities. This process is a much more complicated and time consuming regulatory activity than the location permitting.. The requirement that CCN be accomplished in six months would compromise the PRC's ability to perform a thorough examination and therefore compromise the interests of the public.

FISCAL IMPLICATIONS

The PRC claims that if consultants have to be hired to conduct technical evaluations because of a shortened time frame, costs are likely to increase. The PRC was unable to estimate how much the cost would rise.

RELATIONSHIP

Relates to SB 672, Generation Plant/Transmission Lines Location .

OTHER SUBSTANTIVE ISSUES

The PRC also provided the following:

SB 452 provides that the PRC shall approve a location unless it finds that the operation of the facilities for which approval is sought will not be in compliance with all applicable air and water pollution control standards and regulations existing. The PRC neither establishes air and water pollution standards, nor administers any regulations in that area. The PRC can not make the required findings on air and water pollution, unless the Environment Department (ED) informs it that the applicant meets all applicable air and water pollution regulations. Therefore, the PRC cannot issue its location approval until ED issues the required air and water pollution permits to start construction. So, the six- month time limit should not start from the day an application is made to the PRC but from the day the applicant submits the ED permits to the PRC.

SB 452 does not contain clear language empowering the PRC to examine the impact of proposed generation and transmission facilities on power system reliability, which affects the quality of service to the retail customers.

DW/ar/njw