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FISCAL IMPACT REPORT

SPONSOR: Tsosie DATE TYPED: 02/27/01 HB _____
 SHORT TITLE: Reimburse AG's Costs of PRC Hearings SB 693
 ANALYST: Valenzuela

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	\$ 500.0		Recurring	OSF

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files
 Office of the Attorney General
 Public Regulation Commission

SUMMARY

Synopsis of Bill

Senate Bill 693 amends a section of the Public Regulation Commission (PRC) enabling statute that relates to the Office of Attorney General (AG) representing consumer interests in matters before the PRC. The new subsection allows the PRC to approve rates by which the AG may be reimbursed its costs for its consumer representation. The bill would require the regulated entity to pay for these costs.

Significant Issues

Senate Bill 693 does not create a fund in which these revenues would be deposited. The assumption is that the AG will invoice regulated utilities, however, the bill does not state this explicitly. The bill does state the revenues are appropriated to the AG and that unexpended revenues shall not revert to the general fund.

These costs may be transferred to ratepayers through increased rates.

FISCAL IMPLICATIONS

Senate Bill 693 does not carry an appropriation and does not create a new fund. The bill would require minor adjustments to current operating procedures at the AG's Office and at the PRC. The

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PRC would have to conduct a hearing to determine rates to be charged by the AG. However, both agencies are adequately funded to absorb these costs.

The Office of the Attorney General reports the following information regarding its caseload before the PRC and associated costs of representation for consumer interests.

AG's Activity in Consumer Representation Cases	FY98	FY99	FY00	FY01
Number of Cases Before PRC	35	39	39	27*
Total Costs of Cases	\$221.2	\$54.9	\$400.8	\$129.7*

* Represents information for only 6 to 7 months of fiscal year.

Telecommunications and electric industry deregulation was enacted in 1999. Consequently, the AG's caseload for FY00 and FY01 represent more probable cost estimates for the AG's activity level. For FY01, the AG has made a supplemental appropriation request of \$500.0 for cases related to consumer interest representation. Based on this information, the LFC staff estimates that potential billings to entities regulated by the PRC by the AG's Office at \$500.0 annually. Consequently, the AG could expect to generate this level of revenue, with enactment of the bill.

The bill specifies the revenue collected is appropriated to the Attorney General, and therefore, provides for continuing appropriations. The LFC objects to including continuing appropriation language in the statutory provisions for new created funds. Earmarking reduces the ability of the legislature to establish spending priorities.

ADMINISTRATIVE IMPLICATIONS

Enactment of the bill would impose an added administrative burden on the AG's Office, who would be required to create, administratively, a new fund. The fund would require work for billing, collections and reconciliation of workload. However, based on the intent of the bill, the AG would be able to recoup its costs for the added administrative burden.

POSSIBLE QUESTIONS

How many hours has the Attorney General's Office accumulated in representing consumer's interest before the PRC?

MFV/ar